ISSN 2377-8016 : Volume 2022/Issue 39 ▪ September 27, 2022

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COVER: Sen. Joe Manchin (D-W.Va.) speaks at a news conference Sep. 20. | *Sen. Joe Manchin's office*

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Manchin: 'Awful Lot of Heavy Lifting' Needed to Pass Permitting Bill

GCEAF Fireside Chats Focus on Clean Energy Commercialization, Globalization

By K Kaufmann

Sen. Joe Manchin (D-W. Va.) (left) talks energy policy with Farnam Jahanian, president of Carnegie Mellon University, at the Global Clean Energy Action Forum in Pittsburgh. | *© RTO Insider LLC*

PITTSBURGH — Sen. Joe Manchin's appearance at the Global Clean Energy Action Forum on Friday was disrupted by a small group of protesters dressed in bright red T-shirts and grotesque Halloween masks, who stood up and started yelling shortly after he walked on stage.

As the loud and wildly gesturing group protested the Mountain Valley Pipeline and Manchin's ties to the fossil fuel industry, the West Virginia Democrat thanked them, with an undertone of sarcasm, for being "so kind and so civil." But once they were herded out of the hall at the David L. Lawrence Convention Center, he used his "fireside chat" with Carnegie Mellon University President Farnam Jahanian to promote his views on the U.S. clean energy transition, the implementation of the Inflation Reduction Act and his proposed permitting bill now before Congress.

The Obama administration's support of the solar and wind industries resulted in "a lot of people [being] left behind when, basically, energy [policy] and regulations put a lot of [the] fossil industry out of business," Manchin said. "That really divided us in this country, and I think you see the results now in the political discourse we have."

The energy "transition is going to happen. We need it to happen, but it has to happen in an orderly way," he said. "You cannot get rid of the horsepower that runs our country. You cannot remain a superpower of the world if you don't have energy independence and energy security."

Fossil fuel workers must also know that new jobs will take the place of jobs that will be eliminated, Manchin said, pointing to the IRA's requirement that 40% of its $10 billion in tax credits for new clean energy manufacturing goes to "energy communities" where coal mining or coal-fired generation has closed since 1999.

"A good-paying job, with great working conditions, benefits, solves all problems," he said.

But a permitting overhaul is crucial to ensuring that the tax credits and incentives in the IRA can "come to fruition," Manchin said. All those investments are based on "a 10-year window," he said. "If it takes seven to eight years or longer to permit something, we're going to miss the window … and you're going to have money stranded out there."

"That's just unacceptable," he said. "We know what needs to be done. Why can't we do it?"

The nearly complete Mountain Valley natural gas pipeline — covering 303 miles from northwest West Virginia to southern Virginia — has become a critical bargaining chip and flashpoint in the permitting bill Manchin hopes to push through Congress this week as part of a continuing resolution to keep the government funded beyond Sept. 30.

Unveiled Wednesday, the Energy Independence and Security Act of 2022 would speed and simplify siting of regional and interregional transmission lines viewed as indispensable to the Biden administration's electrification and decarbonization goals. For example, it would limit federal environmental reviews to two years, and require all other federal permits be issued within six months of a completed environmental review. (See *Manchin Details Proposal to Streamline Approval of Energy Projects*.)

But it would also mandate federal authorization for the completion of Mountain Valley. Due to opposition from environmental and community groups, the project has been built in segments and repeatedly delayed. According to *the project website*, it is now nearly 94% complete.

With opposition from Republicans and Democrats, Manchin acknowledged that getting the permitting bill through Congress "is going to take an awful lot of heavy lifting right here in the next two or three days.

"But everyone wins from this," he said. "It's not about one person, it should not be about one person. It should be about, 'Is this good for our country? Does it basically show us as a leader of the world that we can basically invest in technologies and mature them quicker?'"

Shah and Straubel

While not an official UN event, the three-day GCEAF was widely seen as a launching pad for new national and international commitments and actions that will be brought forward at the 27th UN Climate Conference of the Parties (COP 27) set for Sharm El Sheikh, Egypt, in November.

FERC/Federal News

Governments' role in accelerating the commercialization and scaling of new clean technologies was a major theme at event, which was hosted by the Department of Energy.

With billions in funding from the IRA and the Infrastructure Investment and Jobs Act, DOE has become a major player in promoting public-private partnerships — a topic explored in a second fireside chat on Friday, between Jigar Shah, director of DOE's Loan Program Office (LPO), and JB Straubel, CEO of lithium battery recycler Redwood Materials.

"This partnership between high-growth companies, startup companies, and the government can work best when the government is leaning forward a little bit further, taking a little bit more of a risk-reward viewpoint similar to an investor in some ways," said Straubel, who also co-founded Tesla and served as its chief technology officer. Such public-private partnerships can "help catalyze a lot more private investment in those companies and … perhaps a bit of disruption in the bigger industries in which the startups or growth companies operate."

But companies that accept federal funds — like Tesla, which received and paid back a $465 million low-interest loan from the LPO — may also face a stigma, Shah said, even though the company "had to raise a lot of private money before it got to profitability."

Straubel agreed, noting that Redwood has been "careful as we find other ways to partner with different entities in the government, that we also kind of tiptoe through that [stigma] and don't have an industry that becomes too dependent on incentives, real or perceived.

Jigar Shah, DOE Loan Program Office | © RTO Insider LLC

"I think that's something that a lot of high-growth companies and startups have to be mindful of because if it goes too far, it can actually shun private capital. I think the goal here is to incentivize private capital. People don't want to invest in an industry that is not really stable on its own merits. The government should really be there to catalyze, to kind of instigate a change but not be there to prop up something in an ongoing fashion."

Hitting the right balance means executives at clean tech startups need to talk more with agencies like the LPO, Shah said. "This money is going to go a direction that you don't want it to go unless you engage directly and give the government feedback," he said. "They're not going to get it right unless you tell them what you need to be able to catalyze your business."

A key challenge for companies like Redwood, now in the process of building a domestic clean energy supply chain, is developing a new industry from the ground up, Straubel said.

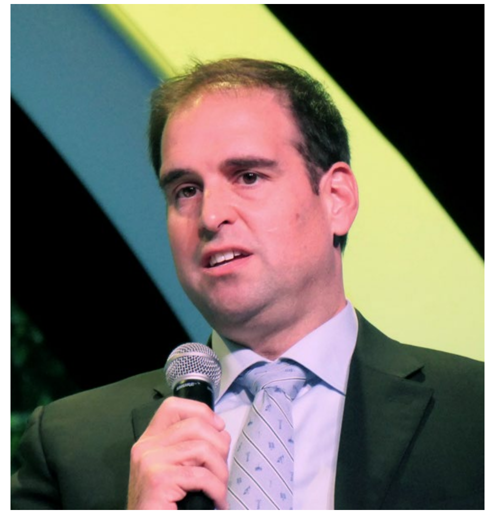
"You have to train the workforce; you have to train the construction workers. We have to import the equipment often," he said "It's a pretty heavy lift to do this the first time around. But the benefit is substantial, in terms of cost, in terms of emissions [reductions]," he said.

Podesta

With the passage of the IRA — which was hailed by international leaders at the GCEAF — President Biden was able to lure John Podesta back to the White House as senior adviser for green innovation and to implement the new law and its $369 billion in clean energy funding. A veteran of both the Clinton and Obama administrations, Podesta said he "couldn't resist" the opportunity to help roll out the IRA.

"It's a huge deal," Podesta said in GCEAF's final fireside chat, with Vanessa Chan, director of DOE's Office of Technology Transitions. The law "gives the president the tools to really help shape an economy that, at the end of the day, is going to be built by the private sector," he said. "The bulk of the bill is aimed at providing tax-level support for those new clean technologies."

Echoing Manchin, Podesta stressed the importance of the law's provisions for ensuring clean energy benefits and jobs get to low-income, disadvantaged and fossil fuel communities. A key challenge there, he said, is that "the communities that have the fewest resources to access federal programs are the ones that are being undermined by legacy pollution."

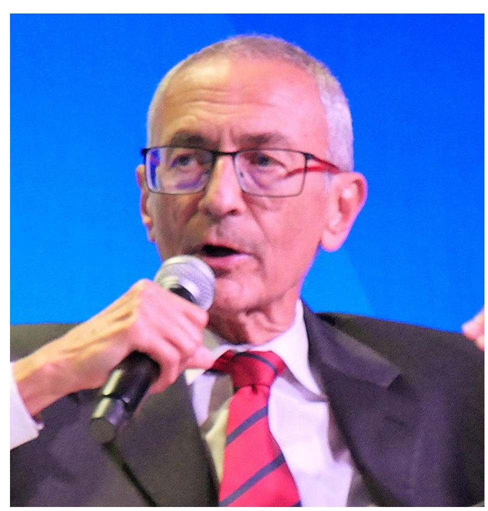


JB Straubel, Redwood Materials | © RTO Insider LLC

Similarly, formula funding programs — where a certain amount of federal funding is allocated to a state — "never get down to the people who need the help the most," he said. IRA funding for technical support should improve access for these communities, he said.

Podesta also sees the IRA having global impacts, especially in making clean energy technologies available and affordable for emerging economies in Asia and Africa, another major theme at the conference.

"If we develop a green hydrogen economy in the United States, that's not going to just stay in the United States," he said. "The United States government also has, I think, an obligation to help support the development of clean energy around the world. … We have to be attentive to smart policies to let developing countries access those technologies and use those technologies." ■



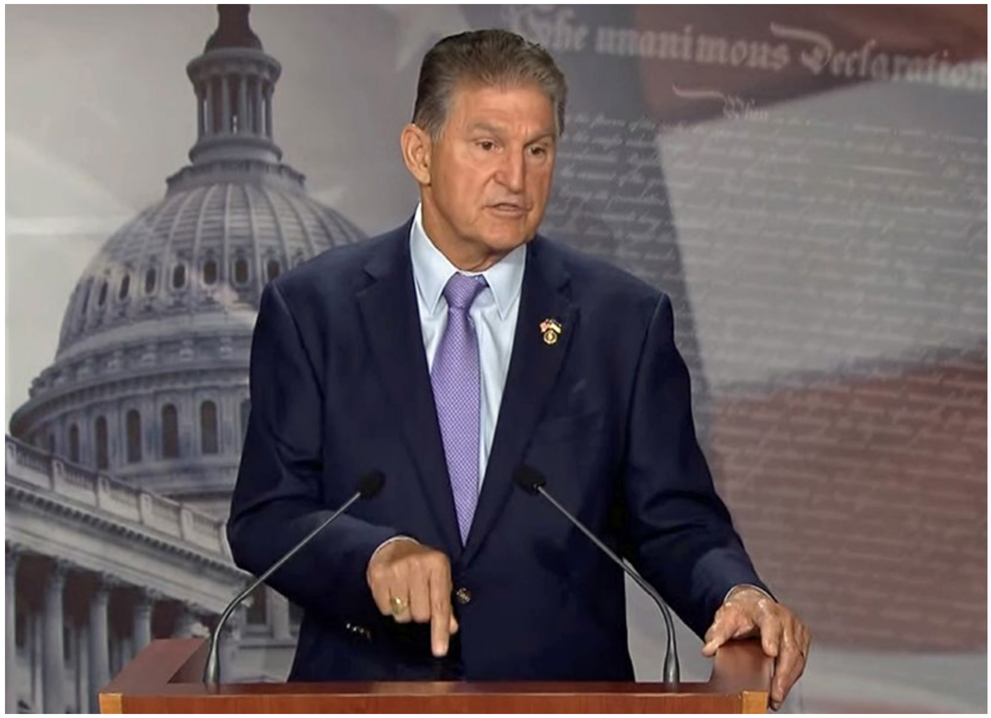
John Podesta, senior adviser to the president | © RTO Insider LLC

FERC/Federal News

Manchin Details Proposal to Streamline Approval of Energy Projects

Controversial Plan Would Speed Process, Faces Uncertain Prospects

By John Cropley



Sen. Joe Manchin (D-W.Va.) speaks at a news conference Sep. 20. | *Sen. Joe Manchin's office*

Sen. Joe Manchin (D-W.Va.) revealed the *text* of a much awaited proposal to streamline the permitting process for electric transmission and natural gas pipeline projects Wednesday for inclusion in legislation to keep the federal government operating past the end of its fiscal year Sept. 30.

The plan was controversial even before Manchin made the details public, drawing opposition from some Democrats for its benefits to the fossil fuel industry and from some Republicans because it was a bargaining chip in the recent Inflation Reduction Act.

The unlikely combination makes passage an uncertain prospect in the narrowly divided Senate.

The Energy Independence and Security Act of 2022 would speed and simplify siting of regional and interregional transmission lines viewed as indispensable to the Biden administration's electrification and decarbonization goals. It would also mandate federal authorization for completion of the Mountain Valley Pipeline, which would boost natural gas exports from Manchin's home state.

Among other key details, the act would:

- set a two-year target for National Environmental Policy Act review of major energy and natural resource projects that require a full environmental impact statement and reviews from more than one federal agency, and a one-year target for projects that require an environmental assessment;
- require issuance of all other permits within 180 days of finishing the NEPA process;
- designate a lead agency to coordinate project reviews and expand the use of shared interagency environmental review documents and concurrent agency reviews;
- set a 150-day statute of limitations for court challenges; require random assignment of judges; and require courts to set and enforce a "reasonable" schedule (no more than 180 days) for agencies to act on remanded or vacated permits; and
- establish procedures for resolving project disagreements without delay.

Manchin has been a pivotal figure in the evenly divided Senate, a Democrat voting with Republicans against some measures that were priorities for his own party.

But he sided with the Democrats on the Inflation Reduction Act in August, in return for a guarantee that his bid to streamline the approval process for transmission projects would be included in a continuing resolution to fund the federal government.

FERC Role

Of particular interest to the electric transmission sector, the act would:

- clarify that FERC has authority to promote and encourage the construction or modification of electricity transmission facilities within and between regions of the country to ensure an abundant supply of electric energy throughout the U.S.;
- allow FERC, upon application by a state or utility, to direct the construction of transmission determined to be in the national interest;
- give the secretary of energy, on application by FERC, authority to designate an electric transmission facility to be necessary in the national interest, which would allow the commission to issue a construction permit for a project;
- allow eminent domain to be exercised on state land;
- direct FERC to allocate the costs of projects it determines to meet certain criteria in accordance with its cost allocation principles and roughly commensurate with the estimated project benefits;
- clarify that FERC is the lead agency for environmental reviews for transmission projects except where approvals are issued by the secretary of the interior; and
- allow FERC to approve cost recovery payments to jurisdictions impacted by a transmission project.

Uncertain Prospects

Manchin and his bill face opposition from multiple directions, starting in his home state.

Sen. Shelley Moore Capito (R-W.Va.) is promoting an alternative streamlining measure that many of her fellow Republicans are lining up behind.

Many Democrats find the proposal's benefit

FERC/Federal News

for fossil fuel projects and removal of environmental balances unpalatable; Sen. Bernie Sanders (I-Vt.) said earlier this month that he would vote against a measure to keep the government operating if it contained Manchin's proposal.

And many Republicans are angered at Manchin for supporting the Inflation Reduction Act.

Manchin himself noted at a news conference Sept. 20 that there might be vindictive Republican votes against something the party has sought for years, simply because it was his plan.

Senate Majority Leader Chuck Schumer (D-N.Y.) pledged to put Manchin's proposal in the continuing resolution in return for Manchin's earlier vote, but he presides over a 50-50 split in the Senate and cannot easily force measures through.

The measure applies to projects that entail construction of infrastructure to produce, generate, store or transport energy; capture, remove, transport or store carbon dioxide; and mine, extract, beneficiate or process minerals that require preparation of an environmental document under NEPA.

"Major" projects are defined as those that require multiple federal actions and an EIS under NEPA, or those for which the project sponsor requests treatment as a major project, though only an EA is required.

The act would also require the president to designate 25 energy and mineral projects of strategic importance as national priorities for the American public; energy producers, consumers and workers; and international allies of the U.S.

Reaction

"We applaud Sens. Schumer and Manchin for moving forward with legislation to improve the nation's outdated system for permitting critical energy infrastructure," Heather Zichal, CEO of the American Clean Power Association, said in a statement Wednesday. "Making common-sense reforms to our current permitting process will help us unleash the full potential of the clean energy investments spurred by the Inflation Reduction Act and keep us within striking distance of the emissions-reduction targets and climate goals we need to achieve."

Gregory Wetstone, CEO of the American Council on Renewable Energy, said: "We know we need to expand and upgrade the nation's electrical grid to fully realize the renewable energy growth expected under the Inflation Reduction Act. ... Sen. Manchin's bill includes provisions that will help streamline the transmission approval process, improving our ability to meet our nation's decarbonization goals by better connecting our key renewable resources to our largest population centers."

And Grid Strategies President Rob Gramlich said, "This bill is a massive step forward for permitting and paying" for large-scale transmission projects. "The bill allows broad benefits of transmission to be reflected in how costs are recovered and speeds up approval timelines for siting while preserving the important environmental and public participation protections in NEPA." ■

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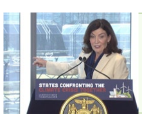

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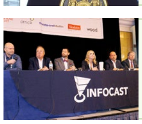

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FERC/Federal News

FERC Reluctantly Proposes Cybersecurity Incentives

By Rich Heidorn Jr.

FERC reluctantly issued a Notice of Proposed Rulemaking on Thursday to consider a 200-basis-point incentive for utilities that make voluntary cybersecurity investments, an initiative directed by Congress in last year's Infrastructure Investment and Jobs Act (*RM22-19*).

Expenses and capital investments in advanced cybersecurity technology that "materially improve" a utility's cybersecurity posture and are not already mandated by NERC's Critical Infrastructure Protection (CIP) reliability standards, or local, state or federal law, would be eligible for the incentives. Also included would be expenses for participating in cybersecurity threat information-sharing programs.

'FERC Candy'

Chairman Richard Glick and Commissioner Mark Christie said they were reluctantly supporting the NOPR because of Congress' directive.

Glick said NERC's mandatory reliability standards have "proven to be a pretty effective approach," although he acknowledged that it can take too long to respond to emerging threats by amending the CIP standards.

"I think that, if it is important that utilities make investments, or if it's important that utilities participate in these information-sharing groups, we need to explore whether we need to utilize our mandatory reliability standards approach to get there," Glick said. "And that that was my preferred option."

He cited the commission's 2019 technical conference on cybersecurity incentives, where he said numerous utilities said they had not encountered problems recovering their costs from FERC or state regulators. (See *Mixed Reaction for 'Resilience Incentives'*.)

"I'm not totally sure the incentives approach is the way to go, given the significance of these types of investments," he said.

The NOPR proposes that utilities choose between a return on equity (ROE) adder of 200 basis points or deferred cost recovery, allowing it to add the unamortized portion of the expenses to its rate base.

The commission acknowledged that a 200-basis-point adder exceeds the ROE incentives for transmission facilities. But it said that "given the relatively small cost of cybersecurity investments compared to conventional transmission projects, a higher ROE may be necessary to affect the expenditure decisions of utilities, without unduly burdening ratepayers."

"Two hundred basis points — that is a lot," said Christie. "As you know, the ROE already is supposed to represent the market cost of equity capital, and now you're going to give them 200 basis points on top of that for doing what they ought to do anyway? I mean, there's a reason why these adders over the years have come to be known as 'FERC candy.' They're really sweet for those who get it, but not to consumers who have to pay for it. Pretty sour for consumers. ...

"I acknowledge the statute says create an incentive," he added. "One might make the case that the rate treatment itself is a pretty good incentive."

Commissioner James Danly said that because of the time it takes to enact new mandatory reliability rules, "of all of the challenges that NERC faces, maybe cybersecurity is the one for which NERC is the least apposite."

"So the question becomes, if that is an inapposite tool — and I would argue that it probably at least partially is — is the provision of FERC candy the proper way to incentivize the rapid immediate response that I think is the policy that is being driven at here? And the fact of the matter is, I do not know. We have to see what the comments are."

Commissioner Willie Phillips, a former NERC assistant general counsel, said the CIP standards are "a great foundation. The problem is, as everyone has pointed out, they just take too long. ...

"We absolutely need to make sure that our utilities don't do the bare minimum, but that they're reaching for the sky," he continued. "What we don't want to do ... is look back years from now, in the wake of some catastrophic, successful cyberattack, and say, 'If only we had done a little bit more.'"

FERC Commissioner Willie Phillips | *FERC*

FERC Commissioner Mark Christie | *FERC*

Prequalified Expenditures

FERC proposed creating a prequalified list of cybersecurity expenditures eligible for incentives with a rebuttable presumption of eligibility. It said it would initially include on the list expenses related to participation in the Department of Energy's *Cybersecurity Risk Information Sharing Program* and those for internal network security monitoring, which it said "may better position an entity to detect malicious activity that has circumvented perimeter controls."

Incentives would generally last as long as the underlying assets are depreciated, with a maximum of five years. Technologies that "may be innovative and/or above and beyond industry standards at one time ... may subsequently become conventional, mandatory or even antiquated and therefore may be less deserving of an incentive over time," the commission said.

The commission also asked for comment on whether cyber incentives should be through performance-based rates. "In particular, we seek comment on whether any widely accepted metrics for cybersecurity performance could lend themselves to be benchmarks needed for performance-based rates, or whether new appropriate metrics could be developed," it said.

As a result of the NOPR, the commission voted to terminate a previous cybersecurity incentives proposal it opened in December 2020 (RM21-3). (See *Industry Warns of Hidden Dangers in Cyber Incentives*.)

Comments on the new NOPR will be due 30 days after publication in the *Federal Register*, with reply comments due 15 days after that. ■

Bottlenecks, Cybersecurity, EJ Top of Mind for FERC's Phillips

By John Norris


FERC Commissioner Willie Phillips | *Institute for Policy Integrity*

NEW YORK — Geopolitics, tackling energy bottlenecks and increasing consideration for environmental justice are novel forces that FERC is now contending with, Commissioner Willie Phillips told an *Institute for Policy Integrity conference* Sept. 20.

Phillips said the U.S. is "in the middle of an energy transition," driven by a shifting global energy landscape caused by the war in Ukraine, rising inflation and supply chain issues, all while the Biden administration advances "landmark legislation."

The past few months have been a "historic period," and the U.S. is now at a "turning point" where the nation must decide if "we're ready to make decisions ... that help empower the clean energy transition" and address growing crises.

Growing Crises

The energy crises in Europe and the U.S. represent the first serious challenges in the "net-zero clean energy transition period."

With Europe confronting staggering increases in energy prices, Phillips pointed to the impact on areas in the U.S., such as New England, where the natural gas-dependent electric sector confronts resource adequacy challenges and high fuel costs as LNG is increasingly exported to the European Union to cover shortfalls in Russian supplies. Phillips said that in recently visiting the region he found that stakeholders were "really hoping for a mild winter."

Furthermore, other contemporary problems, such as cybersecurity, aging infrastructure, a global pandemic and rapidly advancing technologies, are challenging FERC to remain committed to its duties.

Phillips pointed out, however, that FERC is "addressing all of these issues."

FERC has responded to the crises "head-on," Phillips said, and recent legislation, such as the Inflation Reduction Act and last year's Infrastructure Investment and Jobs Act, has given FERC the ability to help accelerate electric vehicle and renewable deployment, better respond to climate impacts and invest more in disadvantaged communities, while still prioritizing the agency's guiding principles to provide reliable, affordable and sustainable energy.

Phillips likened those three principles to the "three legs of a stool" that are critical to FERC's "overall operation."

FERC's Challenges

Phillips explained that FERC's top challenge will be solving transmission and interconnection reform because the buildout of needed infrastructure for clean resources will be "costly and it's going to take time."

FERC is accelerating transmission processes and tackling generator interconnection queue backlogs by encouraging RTOs and ISOs to take a more long-term view that considers state public policy goals and looks "at the reality on the ground," he said

Interconnection queues have been a "bottleneck" that prevents the U.S. "from unleashing the full potential all of the renewable resources" that currently wait in queue.

FERC is "uncorking" this problem and has proposed "moving away from a serial approach to a cluster approach," where projects are reviewed not on "a first-come, first-served basis, but a first-ready, first-served basis."

The next challenge is cybersecurity, which has become increasingly important after Russia's invasion of Ukraine.

According to Phillips, FERC is using a "two-pronged approach" to ensure grid cybersecurity: mandatory reliability standards and constant stakeholder collaboration. This ensures critical systems are secure and the U.S. avoids another hack like that which shut down the *Colonial Pipeline* last year.

Environmental Justice

The last challenge is the rising importance of environmental justice (EJ) and the increasing need to consider the environmental and economic impacts that the energy transition is having on disadvantaged communities.

Phillips, who previously served as chair of the D.C. Public Service Commission and was unanimously confirmed by the Senate last November, shared how his rural Alabama background gave him insight into the looming challenges that come with providing reliable energy to disadvantaged communities.


Environmental Justice in the Biden Administration Panel (from left), Moderator Al Huang, IPI; Nicky Sheats, Center for the Urban Environment; and Peggy Shepard, WE ACT for Environmental Justice | *Institute for Policy Integrity*

He said is glad that EJ is getting "more and more attention" because his own firsthand experience has shown the positive impact that government regulations can have on homeowners and landowners.

Phillips said that providing clean, sustainable, affordable and reliable energy to disadvantaged communities is always "top of mind," and he asked industry stakeholders to focus on EJ. He explained that he is paying attention to businesses' commitments to workforce development, board diversity and entry-level representation, as these have been shown to increase profit and innovation in those communities.

Phillips emphasized that transparency, financial disclosures and targeted communications around decision-making processes will help cultivate environmental justice.

Additionally, he called on people to "comment, comment, comment" and put their concerns on the record because it helps the commission "sharpen its considerations" and better understand "where pockets of public interest lie."

EJ concerns were echoed by other speakers, such as Jeremiah Baumann, chief of staff to the undersecretary for infrastructure at the U.S. Department of Energy.

Baumann stated in his panel that the Biden administration "has made commitments that center on key communities, particularly environmental justice communities disproportionately impacted from pollution and those that are liable to be left behind in the clean energy transition, such as timber or coal communities." ■

CAISO/West News

WPP Shares First Numbers on Western RA

By Hudson Sangree

The Western Power Pool discussed the results of its first regionwide analysis of the Western Resource Adequacy Program (WRAP) with stakeholders last week, including a look at the changing resource mix through 2027 and the need for higher planning reserve margins in the Desert Southwest.

"We are going to be an inch deep and a mile wide, so you should think about this as a survey or 101 overview of the metrics," Ryan Roy, WPP director of technology, modeling and analytics, said while introducing the *webinar*.

"We're going to talk a little bit about the loads and resources in the WRAP footprint," Roy said. "We're going to provide an overview of the installations and nameplate [capacity] for wind and solar, give you a feel for the number of units and number of plants that are out there."

The WPP also provided an overview of the qualified capacity contributions (QCC) and effective load-carrying capability (ELCC) values for each resource class and of planning reserve margin values by region and month.

"This is relatively new for the Western Power Pool," Roy said. "We're working our best to ensure that the data is accurate, informative and timely. We've made a strong commitment to transparency. So, this is our first opportunity to talk about the broader regional results that we're seeing in our modeling."

Among the *results*: For the Northwest, from 2023/24 through 2026/27, additional hydroelectric output will compensate for the retirement of most remaining coal plants, which will make up 2.07% of the resource mix in 2023 but .06% a few years later.

The Southwest, with a much different supply stack, will add solar and short-term battery storage from 2023 to 2027. The region will see a reduction in coal generation but still retain coal as a sizable portion of its resource mix, going from 24% in 2023/24 to 17% in 2026/27.

"The Northwest has planned resource retirements that can impact the capacity available to meet that one event day in a 10-year loss-of-load expectation, and the Southwest [will see a] significant increase in [solar and battery] resources," Roy said. "They have very aggressive plan-to-build targets."

An assessment of resource classes showed the WRAP footprint has a total of 146 wind plants with a nameplate capacity of 12,688 MW and 267 solar plants with 11,162 MW of capacity.

Peak loads in the Northwest top out at 41,502 MW during winter and in the Southwest at 37,434 in summer.

Planning reserve margins in the Northwest will not alter significantly in the four-year period covered in the analysis, but the Southwest will need to increase its PRM values to compensate for the infusion of variable solar resources, WRAP said. PRMs in the Southwest, for instance, will need to increase from 20% in November 2023 to 32% in November 2026, a slide in the presentation showed.

The webinar also included a detailed discussion of the ELCC and QCC of various resource classes by region and month.

'Above the Line'

The presentation was a milestone for WRAP, the first broad-ranging resource adequacy program in the West.

WPP, formerly the Northwest Power Pool, started work on the effort two years ago amid concerns that Northwest utilities were increasingly and unknowingly drawing on the same shrinking pool of reliability resources.

Interest in the effort spread quickly to other

WRAP projections show a need for higher planning reserve margins in the Southwest going forward. | *WRAP*

CAISO/West News

areas of the West, and in a move that signified its expanding reach across the Western Interconnection, the Northwest Power Pool *rebranded* itself as the Western Power Pool earlier this year.

The program now has 26 participants from British Columbia to Arizona and east to South Dakota, including major players such as Arizona Public Service, the Bonneville Power Administration and PacifiCorp. CAISO, however, is not involved.

WPP and SPP plan to launch a "nonbinding" iteration of WRAP soon, one that lacks enforcement and penalties, and a binding phase in 2024, in which participants will be held accountable for failing to meet their expected resource contributions.

WPP's board approved a tariff for WRAP last month and is hoping for FERC approval by the end of the year.

SPP, which WPP chose last year as a program operator, provided the *modeling and metrics* discussed Sept. 20.

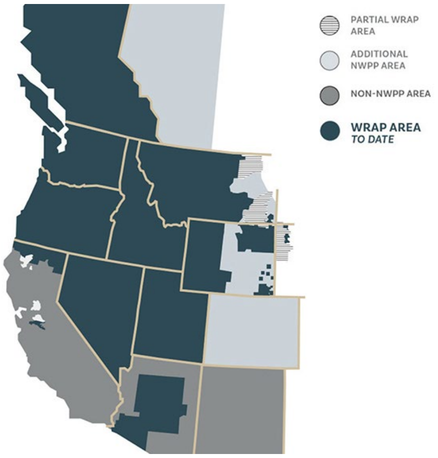
"Current WRAP participants are completing the non-binding Winter 2022-2023 and Summer 2023 forward-showing submittals using the just-released metrics as a guide to meet program requirements," WPP said in a news release. "Participants will turn in workbooks to SPP for evaluation and feedback. WPP and SPP intend to release aggregate performance information from these non-binding submittals once complete."

Stakeholder comments in last week's webinar included a question from Fred Heutte, senior policy associate at the Northwest Energy Coalition, asking organizers why they had not summarized data by participant, showing those that have or lack sufficient qualifying capacity, and whether participants will have access to that data going forward.

"Who's above the line?" Huette said. "Who's not, for example?"

Rebecca Sexton, WPP director of reliability, responded that public release of the data could impact purchase negotiations between parties.

"There's just too much sensitivity about that," Sexton said. "You can imagine that if someone is being shown to the region as slightly deficient, that that just opens a whole can of worms with respect to how their conversations with folks go who might have some capacity they are willing to sell them.



WPP's WRAP program has 26 participants covering much of the Western Interconnection. | *NWPP*

"So, that sensitivity is one we want to be really aware of. We don't want to have a negative impact on their participation in any market, bilateral now, certainly, or bilateral in the future as well, as we think about this forward procurement, so we will not be sharing that information." ■

CAISO/West News

California PUC Proposes Aliso Canyon Endgame

By Hudson Sangree

The SS-25 well at Aliso Canyon spewed 107,000 tons of natural gas over four months. | *Blade Energy Partners/ CPUC*

The California Public Utilities Commission on Friday proposed replacing the state's largest natural gas storage facility, Aliso Canyon, with a combination of non-gas-fired generation, building electrification, energy efficiency and storage.

The *proposal* accompanied a *ruling* in which the CPUC detailed its findings from the second phase of its investigation of Aliso Canyon, site of a massive methane leak in October 2015. The underground facility remains necessary for grid reliability and to serve gas customers in the Los Angeles Basin, the commission found.

"As California pursues its decarbonization goals, natural gas demand will decline over time," it said. "Currently, however, millions of individuals and businesses continue to rely on natural gas for essential services. Given that flowing gas capacity alone is not sufficient to meet peak seasonal or hourly demand, natural gas storage at Aliso Canyon continues to be a key part of the state's energy infrastructure."

The commission's ruling instructs the state's major utilities, including Aliso Canyon owner Southern California Gas, to provide input on how they would increase supply and reduce demand to allow the facility's eventual closure. It poses a series of questions to the companies including, "What is the earliest reasonable time a portfolio can be adopted for reduction and elimination of California's reliance on Aliso Canyon?"

The staff proposal said that to meet demand in 2027 without the facility, utilities would need to annually reduce peak gas demand by 214 MMcfd (about 4% of the peak total) or annually increase their non-gas generation by 1,084 MW of (2% of the state's electric capacity) — or do a combination of both.

The facility's fate has been controversial since a ruptured pipe at the SS-25 well poured more than 100,000 tons of natural gas into the air, leading to a blowout and sickening nearby residents. The leak was contained after four months in February 2016.

A few months later, Gov. Jerry Brown signed Senate Bill 380, which told the CPUC to determine "the feasibility of minimizing or eliminating the use of the Aliso Canyon natural gas storage facility … while still maintaining energy and reliability for the region."

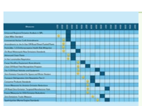
The facility reopened at a reduced capacity in July 2017, but last November the CPUC increased its storage limits by 7 Bcf amid concerns about winter gas supply.

"Our decision today helps ensure energy reliability for the Los Angeles Basin this winter in a safe and reliable manner," former Commissioner Martha Guzman Aceves said at the time. "We continue to move forward on planning how to reduce or eliminate the use of Aliso Canyon, and to ultimately reduce our reliance entirely on such natural gas infrastructure as we transition to a clean energy economy." ■

West news from our other channels

Ore. DEQ Foresees Economic, Equity Benefits from ACC II — NetZero Insider

IPP Gets Free Allowances Under Wash. Cap-and-trade Program — NetZero Insider



Calif. Moves to Ban Natural Gas-powered Heaters — NetZero Insider

RTO Insider subscribers have access to two stories each monthly from *NetZero* and *ERO Insider*.

Calif. Electric Rates Impede Clean Tech Adoption, Study Finds

By Hudson Sangree

Billions of dollars in add-ons to California's electric bills are slowing the adoption of electric vehicles, heat pumps and other clean energy technologies, says a new study by CAISO Governor Severin Borenstein and two of his colleagues at the University of California, Berkeley.

Customers of the state's three large investor-owned utilities — Pacific Gas and Electric, Southern California Edison and San Diego Gas & Electric — shoulder the "residual costs" of wildfire prevention and victim compensation along with rooftop solar subsidies and other big-ticket items, the *study* found.

The add-ons amount to an "electricity tax" that hits lower-income households hardest, it says.

"Customers across the three IOU service territories contribute $678 per year on average toward the residual cost burden," the study says. "For PG&E and SDG&E customers, residual cost burdens are more than two-thirds of their total bills, whereas SCE customers pay slightly more than half of their bills towards residual costs. As a result, how California chooses to recover these costs is the primary driver of electricity costs."

That, in turn, "discourages efficient substitution from natural gas and gasoline … towards electricity," it said. "As such, high electricity prices act as a deterrent to electrification of transportation and buildings."

Released Thursday, "Paying for Electricity in California: How Residential Rate Design Impacts Equity and Electrification," was written by Borenstein and professors Meredith Fowlie and James Sallee at the Energy Institute at UC Berkeley's Haas School of Business. Nonprofit think tank Next 10 commissioned the report.

The study is a follow-up to last year's publication by the same authors, "Designing Electricity Rates for An Equitable Energy Transition," which dealt with California's strategy of recovering fixed utility and social program costs through "increased per-kilowatt hour ('volumetric') prices."

"With nearly all fixed and sunk costs recovered through such volumetric prices, the price customers pay when they turn their lights on for an extra hour is now two to three times what it actually costs to provide that extra electricity — even when including the societal cost of pollution," it said. (See *Calif. Worries High Rates Could Hurt Climate Efforts*.)

Last week's report expanded on the prior study by analyzing, for the first time, detailed billing data from 11 million households and examining the consequences of the "electricity tax."

It found that higher-income households pay a greater share of residual costs, "but lower-income households pay much more as a fraction of their annual income on average, so much so that the effective electricity tax is more regressive than the state sales tax."

In PG&E and SDG&E territories, for example, the lowest-earning households pay more than 3% of their annual incomes in residual costs while those in the highest income group pay less than 1%.

Net Metering

The state's controversial net metering system for rooftop solar owners "makes the effective electricity tax substantially more regressive," it says. "This is because wealthier households are much more likely to have rooftop solar.

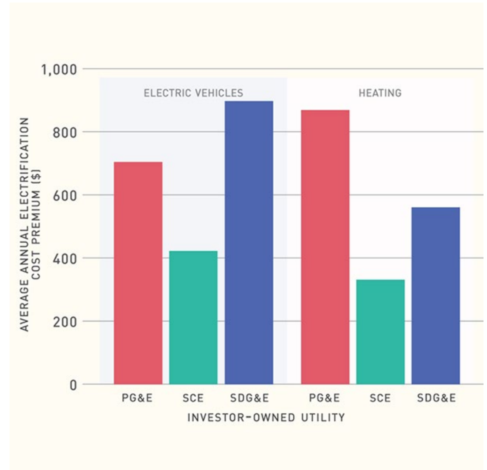
"The effect is strongest in SDG&E, where rooftop solar in 2019 already provided over 20% of residential electricity under net metering, thus offsetting a majority of the cross-subsidy created by the California Alternative Rates for Energy (CARE) program" for low-income households.

The California Public Utilities Commission issued a draft decision in December to reform net metering, which credits rooftop solar owners for surplus electricity exported to the grid but backed away from the plan amid protests from the solar industry and rooftop solar owners. (See *CPUC to Delay Net Metering Decision for a Year*.)

In its initial proposal, the CPUC said net metering "negatively impacts nonparticipating customers, is not cost-effective and disproportionately harms low-income ratepayers." Utilities including PG&E estimated that net metering shifts up to $4 billion a year in costs from households that can pay for rooftop solar to those that cannot.

Solar subsidies and other components of the electricity tax are hampering electrification because "customers considering electrification face much higher operating costs if they electrify," the study says.

"For California households considering purchasing an electric vehicle, the effective electricity tax raises the annual operating cost of an EV by around $600 per year on average," and by $900 for average SDG&E customers, it says. "Recent research suggests that this could be reducing EV adoption by somewhere between 13% and 33%."



A graph shows the average annual increases paid by IOU customers who switch to electric vehicles or heat pumps. | *Next10/UC Berkeley*

For households considering electric space and water heating, "the effective electricity tax raises the annual cost of doing so by around $600 per year," it said. "Recent research suggests that eliminating this tax could increase the fraction of new homes that are built with electric heating by around one-third."

The authors said they do not dispute the need for utilities to recover costs but believe it could be done in different ways to promote equity for lower- and higher-income households.

One possible solution, the report says, would be to move "some costs that contribute to the residual cost burden onto the state budget, to be funded by increases in the sales or income tax." That "would increase equity and improve efficiency because it would reduce the effective electricity tax." Another solution could be to introduce a "system of income-based fixed charges."

The authors said their primary aim was to provide useful facts and potential rate-design fixes, "guided by the twin objectives of fostering decarbonization and improving equity.

"All possible reforms create some manner of trade off, and as such should be debated in the broader policy context in the state," they said. ■

ERCOT News

Trib Fest Panel: Let ERCOT Market Work

Free Market Will Send Right Investment Signals, Panelists Say

By Tom Kleckner

Pat Wood, Hunt Energy | *© RTO Insider LLC*

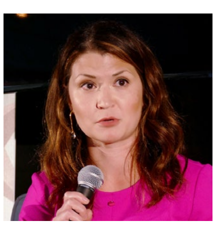
AUSTIN, Texas — Pat Wood, former chair of both FERC and Texas' Public Utility Commission, put his street cred to the test Saturday during one of *The Texas Tribune Festival*'s more non-political panel discussions.

Jumping at the chance to advise Texas lawmakers on what they should do with the state's proposed market changes, Wood referenced requests by legislators during recent testimony by ERCOT and PUC representatives that they be given a chance to weigh in on the market design before the grid operator begins to implement it. (See *Texas Lawmakers to Vet ERCOT Market Redesign*.)

"That disturbed me the most," Wood said. "If anybody out here walks away with any message, it's that we've got to get that investment signal out now. If we've got to wait a year … we've kicked that can a year or two down the road. It was my hope that the PUC would lock and load here by Christmas."

Wood said that when Texas deregulated the ERCOT market in 1999, "people were already putting steel in the ground" when the legislation became law, resulting in some 30 GW of natural gas-fired facilities being built.

"It was clear from that from [then-Gov. George W. Bush's] signature [on the bill] that this is the law of the land, and we've got this open market and the old utility inefficient power plants are going to be shut down … and everybody came in. So that investment signal is just absolutely important."



Caitlin Smith, Jupiter | *© RTO Insider LLC*

"I think they need to focus on the incentives that bring things to the market," said Caitlin Smith of energy storage-provider Jupiter Power, who was previously an attorney with ERCOT's Independent Market Monitor.

"It's a competitive market, right? It's a marketplace," Smith said. "We'll have wind, solar, bitcoin mining, all of that. I think it's much better to let the market incentivize that than to legislate that kind of like anything else. I think you really want the input of the people investing in ERCOT because we rely on those investment signals to provide reliability. So you don't want to put something too prescriptive. You need to encourage the correct incentives for the energy-only market."

Attendees line up to question interim ERCOT CEO Brad Jones. | *© RTO Insider LLC*

ERCOT's energy-only market was designed by the industry to send pricing signals to attract new generation; the theory being that $9,000/MWh LMPs during times of scarcity — since reduced to $5,000/MWh by the PUC — would prompt new builds. It has, but the resources have mostly been renewables that are much cheaper to build than thermal generators.

"We believe that we need changes to [the market], but not because the market is didn't deliver," said Vistra CEO Jim Burke, the panel's third member. "It's because the world is changing, the asset base is changing, and the incentives in the markets are changing, and we're still using a design that really is from over 20 years ago."

"We had the ability to be settlers. The saying goes the pioneers got shot, the settlers got the land," Wood said. He explained the market's designers used the best practices from other deregulated markets around the world, including Chile, South Australia, England and Pennsylvania.

"So we got to kind of pick and choose with the resources we've been blessed with from the good Lord, with sun and wind. With innovation, we kind of unlocked the market structure we embraced here 25 years ago," Wood said. "The future of the world grid will be decided right here because of the increase of renewables, their integration, the large customer base. Everything you've got is a microcosm of the global power system. I think our unique status as an independent grid gave us the ability to move faster and to move in a more creative way."

Wood acknowledged the February 2021 winter storm was a "major setback" for ERCOT. He used another of his endless supply of analogies by saying boxers can get knocked out "but those good boxers get back in the ring and show people how to win again."

Referencing the 88th Texas Legislature that will take over Austin in January, Wood said lawmakers "need to remember what I just said, which is Texas will be the innovator if we stay out of the way and let [the competitive market] make the changes."

"It's a work in progress. I don't believe we've decided how we're going to fix it or if it's needed to be fixed," Smith said, noting that

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price spikes have been addressed, but not the details around how costs are allocated. The recent surge in gas prices, which fuels most of the ERCOT generating fleet, has made it more difficult to reduce costs on the supply side.

All the while, demand continues to grow within Texas as transplants and businesses continue to settle in the state. However, reducing customer demand is not high on the list of market solutions.

Thus, the panel's title: "Power Struggle. No, seriously: Is the grid fixed?"

"The cost of electricity, in theory, is based on the value to the customer, so you can get that sort of demand-side response," Smith said. "There are certain things you can do just on the electricity side. I think we're trying to get to a market solution that would get us a combination of that customer response and the supply response."

Told by moderator Russell Gold that her comments were scaring him about ERCOT's ability to handle another winter storm, Smith replied that it was not her intention to frighten anyone.

"We're in sort of the interim right now," she said. "We have taken a lot of operational steps with weatherization, gas supply, coordination [with the gas industry], but can we sustain those without a market change or going back to kind of a more energy-only market to make sure that those generators can pay for those operational steps?"

Jones Nears End of ERCOT Tenure

Appearing solo on a separate panel Friday, ERCOT interim CEO Brad Jones reflected on his tenure with the grid operator, which began shortly after the 2021 winter storm and is now in its last week. A 90-day temporary assignment that was extended a year ends this week, when Pablo Vegas takes over as permanent CEO on Saturday.

Brad Jones, ERCOT | *© RTO Insider LLC*

Vegas replaces Bill Magness, who was fired by the Board of Directors after the grid nearly collapsed during the 2021 storm. (See *ERCOT Board Chooses Jones as Interim CEO*.)

"So why did you want this job?" Jones was asked as the room erupted in laughter.

"I didn't expect much laughter out of that," responded Jones, who previously served as ERCOT's COO before becoming NYISO's CEO. "To be quite honest, I love Texas and I really do love ERCOT and what [its] mission is. There was an opportunity to step in and carry them through to when it was a more stable environment … to get them to winter."

He said he was glad he was asked to stay through the summer as well "because it was such a rough summer." Record heat and demand led to several scares during the summer, but the grid held up thanks to voluntary conservation measures and a conservative operations posture that left 5 GW of capacity in reserve.

As Jones approaches the moment when he will shed his "interim CEO" title, he said the word "interim" has become very important to him.

"My team calls it my superpower because it really has been good to say, 'No,'" he said. "There's some things we just simply will not do. …

"Now's a great time to hand off to the next person," Jones said. "My goal was three-fold. First, to fix the things that needed to be fixed that I knew needed to be fixed. And part of the reason why I knew it is because I was sitting on my couch when it happened, and I was getting calls from everybody that I'd known for the last 30 years, telling me everything that needs to be done, and I started writing it down. Everybody had a five- or six-point list and by the end of it, I had 60 points."

Jones' second goal was to prepare ERCOT for the future. That entails adding dispatchable generation for "when the sun doesn't shine and the wind doesn't blow." He said ERCOT's massive number of renewable resources have been highly effective in bringing down energy costs, but "we have to solve both problems for both benefits to work for us."

Rebuilding trust in ERCOT is Jones' third and final goal.

"Trust is not that hard to build at the beginning, but if you've lost trust, it is extremely hard to rebuild," he said, noting no amount of listening tours he has conducted or public appearances will regain the public's confidence overnight in ERCOT.

"It's not a year, it's not five years, maybe it's 10 years — but doing the right thing over and over and standing up for reliability. Doing those functions that will make sure that we keep the lights on for all Texans," he said.

Jones agreed he started from scratch, but he has made inroads. "Trust me," he joked, "everyone knows who ERCOT is today."

"We still have a lot of work to do there," he said. ■

ERCOT News

Texas Lawmakers to Vet ERCOT Market Redesign

Interim CEO Jones Defends Gas Desk Concept

By Tom Kleckner

The head of Texas' Public Utility Commission told state lawmakers earlier this month they will get a chance to vet ERCOT's market redesign early next year before it becomes operational.

During a joint hearing on Sept. 13 before the Texas House of Representatives' State Affairs and Energy Resources committees, PUC Chair Peter Lake said he intends to publicly present the proposed market design in November. That will give stakeholders, who are expecting the proposal to drop after the Nov. 8 mid-term elections, just enough time to comment before the holiday season's quiet period.

State Rep. Phil King (R) pressed Lake on whether lawmakers would have a chance to pass judgement on the market design when the 88th Texas Legislature begins Jan. 10. He said his biggest concern is the uncertainty investors see in the market's future design.

"We're trying to get people to invest in the market. I think it's critically important before anything gets implemented that the legislature have a role in affirming that because, otherwise, you're not going to have certainty for the industry going forward," King told Lake. "At the end of the day, there just needs to be a marriage between what the PUC comes up with and what the legislature wants. And if there's not, we're just going to create a lot of confusion."

"We would be grateful for that affirmation when it gets to that point," Lake said. "We'll always be mindful of how damaging uncertainty in the investor marketplace can be. It's taken us a long time to get to this point. I want to start putting steel on the ground as soon as possible."

"Many legislative members would rather these kinds of major policy changes not be made at the agency, asserting that is their domain," tweeted Austin-based energy consultant Doug Lewin.

Lake said the commission has already received the first component of a consulting firm's review of the proposed design. He said the commissioners "synthesized" that report and have sent it back to the consultants to "iterate and continue narrowing the filter … to drive towards a final market product."

"We'll present a final product to you all that is as ready as possible to be plugged into ERCOT," Lake said.

The Phase II proposal has sometimes been described as a "capacity-light" market with a load-side reliability mechanism and a backstop reliability service. (See *PUC Forges Ahead with ERCOT Market Redesign*.)

Coincidentally, E3 Consulting, which is reviewing the PUC's proposal, also developed the *load-side reliability obligation mechanism* that may be the central part of the market design. E3's proposal introduces a formal reliability standard for load-serving entities and a mechanism to ensure sufficient resources to meet this standard.

"It seems to make sense that the companies that get paid for providing power should do it reliably, and so that's what we're working through now," Lake said, noting the commission unanimously approved the Phase II design last December.

"The blueprint … is designed so that we can go through the different iterations with these consultants to capture the features of each concept and integrate those into a hybrid while discarding the flaws," he said.

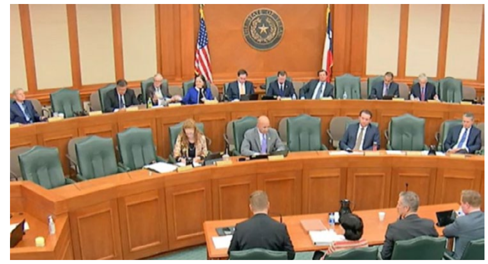
Speaking on the same panel with Lake, ERCOT's Brad Jones — interim CEO "at least for the next 17 days and five hours," he said when introduced — defended his proposal to add a gas desk to the grid operator's control room. Jones has been publicly promoting the idea of ERCOT operators monitoring gas availability and restrictions for gas-fired power plants as early as January.

"There's not a great deal of transparency around the operations of our natural gas system. That information doesn't usually flow to us," Jones said in January during an education session for the Board of Directors. (See *ERCOT Preps for 2nd Cold Snap of Year*.)

'They Want it to Stay Private'

Gas industry representatives pushed back during the hearing against the desk and a similar proposal for a gas market monitor.

"As an agency, we don't understand what a gas desk and a market monitor is because we are in a free market in the state," said Christi Craddick, who sits on the intrastate gas-regulating Railroad Commission. "I'm not clear what a gas desk or an independent market monitor is, [or] how that would resolve or make the electricity grid even more reliable. That's not clear to me."



ERCOT's Brad Jones and PUC's Peter Lake sit before a Texas State House panel. | *Texas House of Representatives*

Rep. Tom Craddick (R) from gas-rich West Texas, who is also Christi Craddick's father, said he does not want a gas desk proposed until the legislature can opine on it.

"I believe it's a policy change," he told Jones. "My constituents don't like the idea. They don't want to give you all that information. They want it to stay private."

"There's been a lot of confusion around this and hopefully, we can begin to resolve some of that confusion," Jones said, explaining that the desk would have nothing to do with trading gas commodities.

"It's just an accident of the words that we use when we first began discussing this concept," he said. "It only makes sense as gas is a significant contributor to over half of our generation fleet. This is purely operational information. Is a [pipeline] operating? Is a compressor station out? Is there maintenance been done?"

Jones stressed the information would be voluntarily provided by gas operators.

"There's a lot of people who are not willing to give you that information or wanting it out," Rep. Craddick said. "So how are you going to have them give it to you?"

"That's where I'm facing opportunity. Most people know that I'm a very positive person, and I'm just positive enough to believe we can make this work," Jones responded. "If we can get down to the fact that it's really just operational information that is necessary for ERCOT to operate the system. I'm still very hopeful that we can get to that place where the gas companies will recognize moderate amounts of information … it's purely for improving reliability." ■

ISO-NE News

FERC Seeking Solutions for New England Winter Reliability

Republicans Question Viability of RTOs

By Michael Brooks

WASHINGTON — FERC's members opened their monthly meeting Thursday by soliciting feedback on their forum with New England stakeholders on the region's winter fuel security problems, once again highlighting the philosophical divide along party lines among the commissioners.

All agreed that the situation in New England is urgent, and any extreme weather this winter could result in a loss in electric reliability.

But Republican Commissioners James Danly and Mark Christie were more pessimistic, going so far as to suggest that the role of RTOs in general in ensuring resource adequacy should come to an end.

FERC had the previous day issued a notice in the forum's docket seeking comment on the issues discussed (*AD22-9*). Comments are due Nov. 7. (See *FERC Comes to Vermont and Leaves with a New England-sized Headache*.)

Each of the commissioners urged stakeholders to submit suggestions in the docket on what the commission should do about New England.

Chairman Richard Glick noted that the region is "still heavily reliant on LNG imports, and that's just not sustainable. In the short term it might be necessary to continue that reliance, but in the long term, it's just not sustainable." He noted other "opportunities" to maintain resource adequacy, including more transmission and the coming offshore wind farms.

He also said ISO-NE needs to consider market changes, such as a seasonal capacity construct "to incentivize generators to make arrangements to provide more assurance that there's going to be fuel supply when it's needed on the coldest days of the year."

But Danly reiterated his view, expressed at the forum, that "the situation is bad enough, both in terms of the actual fact of reliability challenges on the one hand and, second, the fact that there is no conceivable way to me that a capacity market can have rates that are J&R [just and reasonable] if the capacity market doesn't actually deliver the promise of the resources that are to be drawn upon when necessary down the road."

He recalled that ISO-NE CEO Gordon van Welie had pushed back on his suggestion that FERC should institute a proceeding under Federal Power Act Section 206 to remove their responsibility over resource adequacy and return it to the states. He said he understood that the RTO would not want "a free-wheeling 206 in which we say, 'You have a problem; go fix it.'"

FERC holds its monthly open meeting Sept. 22. | *FERC*

But "I think we have an unjust and unreasonable market, probably; obviously that would be what the 206 hearing would be for."

Danly also lamented a recent ruling by the D.C. Circuit Court of Appeals that found ISO-NE's Inventoried Energy Program, to go into effect for winter 2023, to be unjust because it would unfairly pay nuclear, coal, biomass and hydroelectric resources for fuel storage (ER19-1428-005). (See *Court Strikes a Blow to ISO-NE Winter Plan*.) The court left the rest of the IEP in place, allowing the RTO to compensate oil, natural gas and refuse generators.

FERC on Thursday issued an order on remand implementing the D.C. Circuit ruling. (The order had not been published as of press time.) "I'm concurring because the court has spoken, and we will do what the court says," Danly said. "But that got rid of, effectively, one of the possible solutions to the fuel security problem this winter, and I am quite sorry that we're in a position where ... the strategy to get through this winter is to cross our fingers and hope for mild weather. That is not a good plan. ...

"If anybody can come up with a short-term fix that would help with fuel assurance this winter, I for one would solicit a 206 filing," Danly said.

Speaking about a different ruling involving NYISO, Danly also argued that "when you consider how this experiment in markets began, that we were going to use the markets to deliver the least-cost energy generation for the region in which they operate ... it's becoming harder and harder to believe in the premise upon which these markets were originally developed as we have greater and greater price suppression through state subsidies.

"It is getting to the point where I believe that these markets are so manifestly not J&R, given the price warpings, that it is difficult for me not to consider abandoning the entire experiment as long as it's being conducted this poorly."

Gradually, Then Suddenly

"I didn't hear the perspective that markets cannot work, but I certainly share the perspective that at this moment, the markets may not be delivering just and reasonable rates," Commis-

ISO-NE News

sioner Allison Clements said. "To me, exerting commission leadership to move this ball forward does not suggest that we know better than the New England states, or that we have the right to override the states' perspectives. Nor does it suggest that the entire solution set rests in the commission's jurisdiction."

She noted that ISO-NE had proposed undertaking a comprehensive study of the problem and potential solutions, with a number of state officials at the forum concurring.

"I, though, did not come away with a level of specificity around what this study should actually look like," she said. "We know that the root of New England's winter electric system reliability challenge is the significant dependence on natural gas in these extreme conditions, along with gas supply constraints. Shoring up or adding more natural gas supply capability is one way to address these constraints, [but] it is only one way. The region can also diversify away from reliance on natural gas for electric generation and can reduce both electric and gas demand."

"When it comes to RTO markets ... whether they're still providing reliability and, more importantly, whether they're providing it at just and reasonable rates, I think is a serious question," Commissioner Christie said.

He quoted "The Sun Also Rises" by Ernest Hemingway, in which a character asks another how he went bankrupt. He answers "gradually, and then suddenly."

"I think [RTOs are] moving from the 'gradually' phase to the 'suddenly' phase, and I think we're going to have to grapple with that as we look at the future."

This sign greeted those visiting FERC for the open meeting Sept. 22, the day after Sen. Joe Manchin unveiled the text of legislation that would, among other things, approve the Mountain Valley natural gas pipeline. The meeting itself was interrupted by four protesters, including one who began singing "More Waters Rising" by Saro Lynch-Thomason. | © *RTO Insider LLC*

"I want to hear from people [about] what more can FERC do, both under our FPA authority" and its ability to facilitate discussions, Commissioner Willie Phillips said. "Will additional meetings help? Could we establish a task force? Is there another forum that FERC could use to help bring people to the table? I'm very interested in that."

On the other side of the extreme weather spectrum, Chairman Glick also complimented CAISO for getting through a weeklong, record-breaking heat wave earlier this month. (See *California Runs on Fumes but Avoids Blackouts*.)

"California ISO had a number of challenges and did an amazing job of getting through it without having to engage in rolling blackouts." He reported that, based on a conversation with the ISO the previous week, the state's energy storage resources performed very well and were key to maintaining reliability. He also highlighted demand response and California's ability to import power.

But Commissioner Danly responded: "It is true that various resources played a part, especially on the margins, in keeping the system operating, but a clear-eyed, accurate assessment — if we actually look at where the power came from, natural gas is the reason those lights stayed on. That is the simple fact of the matter." ■

ISO-NE News

States Say ISO-NE Should Use Better Performance Metrics

By Sam Mintz

State officials want ISO-NE to improve its use of performance metrics. | *ISO-NE*

The New England states aren't challenging ISO-NE's request to up its budget by 10%, but they are asking the grid operator to do a better job using metrics to measure its performance.

In a *letter to ISO-NE* earlier this month, the heads of agencies from each of the six states agreed that the $20 million budget boost, largely for new hiring and capital projects, is "necessary to improve ISO-NE's function and performance." (See *ISO-NE Wants to Hike its Budget by 10% in 2023*.)

They took issue, however, with what they say is a failure by the grid operator to comply with a year-old request to update its use of performance metrics to measure how that money is being spent. Specifically, the states wrote, ISO-NE is not using any of FERC's common *RTO/ISO performance metrics*. The grid operator is also not using any performance metrics to determine the cost effectiveness of transmission fixes other than project costs, the states said.

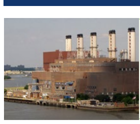
"In both instances, ISO-NE appears to be limiting itself to narrowly defined and tailored metrics that foreclose comparisons across other entities or processes," the officials wrote. "This limitation appears to have mitigated ISO-NE's ability to learn from its one competitive transmission fix solicitation since its results cannot be compared with any other process."

The grid operator defended itself in a reply last week, saying that it does in fact use metrics to measure its performance across a number of areas.

The common metrics that FERC uses, ISO-NE wrote, are less useful than those specifically tailored to the New England region. But the RTO said it will take another look at whether any of them could be useful.

As for transmission planning, ISO-NE noted that its tariff requires that new lines be built only as a last resort after other options have been considered. "The ISO will continue to monitor its performance in this area," it said. ■

Northeast news from our other channels



NRG to Demolish Astoria Plant, Sell Site to OSW Firm — NetZero Insider

Inflation Hampering Efforts to Expand EV Charging Network in NY — NetZero Insider

NYPA Reports Successful Hydrogen Test at Natural Gas Power Plant — NetZero Insider

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MISO News

MISO Adding Availability-based Renewable Energy Accreditation

By Amanda Durish Cook

| Renew Wisconsin

MISO continues to suss out a new availability-based capacity accreditation method for renewable generation, despite some stakeholders' qualms with the early design.

The grid operator held a workshop Wednesday to dissect its proposed methodology for wind and solar resource. It will dole out capacity credit based on a unit's availability during times of system need.

Jordan Bakke, MISO's director of policy studies, said the goal is to fit renewable-resource accreditation into the "mold" of thermal units' recently approved availability-based accreditation. He said MISO must make some assumption adjustments for a "different resource type with different characteristics."

The RTO is creating "different swim lanes" between thermal, renewable and load-modifying resources, Bakke said.

The grid operator will use a modified effective load carrying capability (ELCC) calculation for renewable resources, then adjust those values for availability based on what it calls "resource adequacy hours," or historical hours over a year that contain tight supplies and reliability risks.

MISO introduced the concept of resource adequacy hours when it overhauled its ELCC for thermal resources. They represent the top 3%, or 65, riskiest hours per three-month season and include the hours spent in maximum generation events. (See *FERC OKs MISO Seasonal Auction, Accreditation*.)

"Our bias is to remain somewhat close to what we filed at FERC" for thermal units, MISO planning adviser Davey Lopez said.

Bakke said ELCC is a "comparable method" when compared to thermal generation's unforced capacity calculation (UCAP).

Clean Grid Alliance's Natalie McIntire said she didn't see how the calculations are comparable because UCAP relies on units' forced outage rates but ELCC doesn't.

Bakke said the divergence is necessary because wind and solar performance contain a lot of "availability variability" during tight operating periods. On the other hand, thermal output is steadier.

"The performance is much more uniform over time," he explained.

Bakke said PJM and ISO-NE have made similar arguments to FERC when getting their renewable capacity accreditation designs approved. He said MISO could pursue a more complex calculation only to end up with a "comparable outcome" to the simpler ELCC method. He said MISO isn't convinced that more labor-intensive number crunching would be worth the effort.

MISO plans on tweaking its current ELCC computation to apply to its ever-expanding renewable fleet.

Renewable energy accreditation will move from being derived using an individual, unit-level ELCC based on peak hour contribution to a resource portfolio-based standard ELCC that will be applied to a unit's availability during pre-defined resource adequacy hours. Staff said they will create separate portfolio-level ELCCs for wind and solar generation and said they might adjust those based on whether units are located in MISO Midwest or MISO South.

Some stakeholders called the proposed ELCC method difficult to understand. Others said using a fleet-based average is too broad to apply to diverse wind units and will condemn renewable generators to lower capacity values.

Bakke said the portfolio-wide ELCC is "not a wholesale change" but necessary for MISO to have sustainable and consistent renewable accreditation moving forward.

Whether the ELCC should remain an average of unit performance across the portfolio or a become a marginal value, reflecting the capacity value of the most recent renewables additions, remains an open question.

MISO Independent Market Monitor David Patton advocated for a marginal value because he said renewable capacity contributions become less valuable from a reliability perspective as more are added.

"Every conceivable loss of load risk compounds when the wind isn't blowing; therefore, building more wind at the margins is futile," Patton explained. "You need more and more capacity for every megawatt you build of an already saturated technology."

MISO hasn't yet settled on a marginal versus average approach.

The renewable accreditation won't cover battery storage or hybrid resources that pair a renewable energy resource with a storage facility. Bakke said MISO wanted to tackle the large amounts of wind, solar and load-modifying resources first before evaluating next year the accreditation of the "more emergent" resource types.

The grid operator has proposed using historical availability data collected from its existing demand-side resource interface to accredit LMRs. It said its control room operators "see a significant reduction in LMR availability when compared to what clears in the PRA."

Stakeholders have asked MISO to compare the amount of LMRs' load reduction that is weather dependent during the workday with weekend dependent. ■

MISO News

MISO Considers Resource Attributes as Thermal Output Falls

By Amanda Durish Cook

As its on-demand, dispatchable resources shrink, MISO held its first stakeholder discussion on how it can better value generators' services to the grid.

Senior Vice President Todd Ramey said the RTO is experiencing firsthand the global push to cut greenhouse gas emissions.

"We're seeing a very similar story, interest in decarbonization, which in the power sector is a very tall ask," he said during the Wednesday workshop.

Ramey said MISO is changing the way it thinks about power system operations as it grapples with a more decarbonized fleet. He said units that can ramp up or down on MISO instructions are in short supply.

MISO is expecting a 40% renewable energy penetration by the end of the decade.

Ramey said planning reserve margins "have all but disappeared at this point." He said this is occurring against a backdrop of increasingly severe and unstable weather and electrification's growing demand.

"Reserve margins might be set daily on what our risk posture is," Ramey said. "Planning to get through a worst week is really not something the electric industry has focused on until recently."

During the workshop, MISO proposed a handful of essential reliability attributes for resources that included black start, rapid start up, ramp up and down capability, sustained high output, voltage stability, and fuel assurance.

Zakaria Joundi, director of resource adequacy coordination, said the grid operator is attempting to figure out how much of each attribute it should maintain in its resource portfolio. He invited stakeholders to suggest other essential attributes staff need to consider.

If an aggressive resource transition plays out in the footprint over the next 20 years, Joundi said MISO will need about 366 GW worth of installed capacity on hand to maintain a one-day-in-10-years reliability standard. More than 83 GW of that would have to be capable of providing output for several days in a row.

The RTO also thinks it will require 5 GW of resources capable of ramping up within 10 minutes and 28 GW that can ramp up within an hour.

"Based on public plans that are out there, we feel that we may fall short on these attributes," Joundi said

Jordan Bakke, director of policy studies, said staff isn't presupposing an answer on attributes. He said MISO is asking stakeholders what "signals, requirements and facilities" it might need to improve the short-term operational horizon and its long-term resource adequacy.

"First we need to understand what attributes of resources are becoming at risk of being scarce," he said.

Michelle Bloodworth, CEO of coal lobbying group America's Power, asked that MISO extend attribute incentives to its current portfolio so that more thermal units don't retire prematurely. She said a focus on the fleet's existing attributes will ensure the RTO "doesn't throw out the old with the new."

"I think some utilities are making decisions based on political and environmental pressure rather than reliability and logic," MidAmerican Energy's Dennis Kimm said. He said utilities' planning processes don't include voltage stability and regulation, and they might benefit from MISO telling them which attributes to focus on.

Joundi said the attributes discussion will be "one of many" MISO plans to hold. ■

Grant Wind Farm | *East Texas Electric Coop*

MISO News

MISO, SPP Hunt for Small Interregional Tx Projects

By Amanda Durish Cook

MISO and SPP said last week they have tentatively settled on qualifying criteria and will begin developing a first set of smaller interregional transmission projects.

The RTOs are using their new targeted market efficiency projects (TMEPs) process, incorporating many of their standards from those used on the MISO-PJM seam.

The grid operators proposed to the MISO-SPP Interregional Planning Stakeholder Advisory Committee (IPSAC) that TMEPs:

- cost $20 million or less;
- must not be greenfield projects;
- be in service by the third summer peak after their approval; and
- completely cover their installed capital cost through avoided congestion within four years of service.

Their staffs plan to screen for possible TMEPs when a market-to-market (M2M) flowgate has amassed $1 million or more in congestion costs over a two-year period. The two have *catalogued* seven permanent flowgates that have racked up between $10 million and $43 million worth of congestion. (See *MISO, SPP Identify Hotspots for Smaller Interregional Tx Projects*.)

The RTOs aren't considering projects that have a pending transmission solution under their joint targeted interconnection queue study or MISO's long-range transmission planning process. That knocks the RTOs' most chronically congested flowgate — Neosho-Riverton on the Kansas-Missouri border — out of the running for a TMEP solution.

SPP's Neil Robertson said the grid operators sought a cost-effective, low-risk approach to find projects that will resolve constraints rather than letting them continue to accrue congestion costs.

Multiple stakeholders said MISO and SPP should reconsider the $20 million cost threshold because of frail supply chains and escalating materials costs.

"We're certainly sensitive to those arguments that a $20 million cost cap is quickly becoming antiquated," Robertson said, adding that the RTOs will further examine the cost ceiling.

Robertson said a cost cap and three-year construction limit ensure that TMEPs don't overlap with other interregional planning processes or "mask" opportunities for larger, more comprehensive projects.

He said that while beneficial greenfield projects could meet the other TMEP criteria, the RTOs think it "extremely unlikely" given the current challenges with obtaining siting approval for new transmission.

Other stakeholders advised the grid operators to be more flexible in their criteria because they have yet to approve an interregional project.

"Transmission planning is in a transitory state for much of the country," Robertson said, explaining that FERC is developing transmission planning criteria and grid operators are currently expanding planning practices.

"We feel like this, most of all, is an appropriate first step to take," he said.


Fayetteville, Ark., transmission | *Allgeier Martin*

Data Limitations on First TMEP Recs

The first set of TMEP recommendations will be restricted by SPP's current congestion data limitations, as the RTO doesn't model MISO constraints in its day-ahead market calculations. The initial TMEPs will only consider SPP M2M constraints because those are the only constraints that have a complete set of historical data, Robertson said.

Robertson said that by next June, SPP plans to incorporate MISO constraints, likely giving the RTOs a better understanding of congestion by the second batch of TMEPs.

MISO Independent Market Monitor David Patton has criticized SPP's failure to model MISO's constraints in its day-ahead market, saying it makes some uneconomic generation units appear economic in the SPP market. (See *MISO Says System Volatility Here to Stay*.)

Robertson said he while wouldn't delve into "longstanding market mechanics," SPP is currently investigating how it can consider its neighbor's constraints.

The grid operators hope to present viable TMEP candidates to stakeholders during an Oct. 28 IPSAC meeting. ■

MISO News

Gas Plant Wins Temporary Injunction Against CEJA Emissions Rules

By Amanda Durish Cook

Elwood Power Plant | *J-Power USA*

The owner of a large gas plant in Illinois has secured a temporary injunction against emissions-control provisions laid out in the state's Climate and Equitable Jobs Act (CEJA).

J-Power USA's 1,350-MW Elwood Power Plant is temporarily exempted from the Illinois Environmental Protection Agency's (IEPA) enforcement of an annual emissions threshold under CEJA. In granting the mid-September injunction, Illinois' 7th Judicial Circuit Court decided that enforcement of the pollutant cap predated the rules' official implementation and J-Power didn't have fair notice (2022-CH-50).

Sangamon County Judge Raylene Grischow ruled that if the IEPA were allowed to enforce emissions caps on Elwood beginning October 2021 as attempted, the plant would be forbidden from producing energy and J-Power would suffer irreparable harm. She said J-Power was unaware in 2021 that its operations would be monitored under a yet unreleased rule.

"The compliance rule is arbitrary and capricious because it demands compliance prior to IEPA's announcement of how emissions caps were to be calculated. IEPA's rule, issued in January 2022, declared that 'any 12-month period' meant a rolling, 12-month calculation, starting with the period October 2021 through September 2022. Prior to January 2022, energy producers did not have the necessary information to calculate their emissions caps or monitor their ongoing emissions for CEJA purposes," Grischow wrote.

CEJA established emissions caps for investor-owned, gas-fired units with three years of operating history; those units must not annually exceed an average of their emissions from 2018 through 2020.

J-Power said that Elwood was "obligated to generate power at a higher-than-normal capacity" in the fall of 2021, before the IEPA issued the new emissions caps. The company claimed that by the time the agency announced a retroactive compliance period in January 2022, Elwood already used up more than 80% of its allotted run time for the year based on its emissions, with two of its nine units already maxed out.

After higher-than-normal deployments continued in the spring, J-Power predicted in early summer that Elwood would likely be vulnerable to noncompliance beginning in July. The plant stopped operating completely in September, and J-Power claims it has since lost millions of dollars.

The court said Illinois permitted a "significant implementation gap" and that the IEPA's "retroactive application of its gap-filling rules" violates the due process clauses of both the U.S. and Illinois constitutions.

"Injunctive relief is necessary to safeguard the benefit Elwood provides to Illinois residents: the grid stability necessary to avoid and recover from blackouts and helping to control energy prices," Grischow wrote. "If Elwood were to close due to a magnifying injury over the next few weeks, Elwood would no longer exist to operate when the grid needs it. Allowing Elwood to operate in the short term and provide electricity that the citizens of Illinois need is a reasonable and equitable measure."

The temporary injunction isn't a statement on the merits of CEJA's emissions regulations, Grischow said, adding that it's not the court's function to answer that "ultimate question." She also said the injunction is narrow and doesn't stand to disrupt CEJA in the long run.

CEJA requires all fossil plants in Illinois to close by 2045.

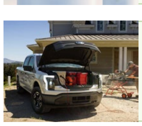
The Illinois Clean Jobs Coalition said it wasn't surprised that companies dealing in fossil fuel generation would challenge and try to "flout" the emissions limitations.

"The Climate and Equitable Jobs Act's steady path to eliminating pollution from gas and coal plants is gradual, achievable, good for public health and essential to becoming a leader in the clean energy economy," the group said in a statement. "We are confident the provisions will ultimately be upheld by the judicial system and thwart Elwood's efforts to avoid compliance." ■

Midwest news from our other channels

Midwest Governors Form Clean Hydrogen Coalition

NetZero Insider



Activists Call for Michigan to Set 2030 Ban on Non-EV Sales

NetZero Insider

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NYISO News

FERC Denies NYISO MOPR Complaint from Gas Generators

By John Norris

FERC last week denied a complaint by two natural gas-fired plants that sought to have NYISO implement a "clean" minimum offer price rule (MOPR) for all new and existing resources receiving out-of-market subsidies in New York.

FERC Commissioner James Danly | *FERC*

FERC voted 4-1 to reject the complaint by the 1,016-MW Cricket Valley Energy Center (CVEC) and the 635-MW Empire Generating facility, with Commissioner James Danly dissenting (*EL21-7*).

The October 2020 *complaint* by CVEC and Empire alleged that state subsidies were suppressing prices and distorting price signals in NYISO's installed capacity market (ICAP).

FERC's majority, however, reiterated its support for the ISO's narrowed buyer-side mitigation (BSM) rules, which the commission accepted on May 10. (See *FERC OKs NYISO Capacity Market Changes Stemming from NY Climate Law*.)

The change, which exempted from the BSM rules new capacity resources required to satisfy the goals of the state Climate Leadership and Community Protection Act, "appropriately focused buyer-side market power mitigation on those resources that behave uncompetitively through the exercise of buyer-side market power," FERC said.

Expanding the BSM rules, as suggested by the complaint, would reverse these changes, according to FERC, and upset the balance between "the need to mitigate the potential exercise of buyer-side market power against the harms of over-mitigation."

Profitability Damaged

Empire and Cricket Valley complained that their profitability was damaged by the uneconomic retention of state-subsidized generation, including New York's award of zero-emission credits to nuclear plants. Empire said its plant, which went into service in 2010, was forced into bankruptcy proceedings because it was unable to earn sufficient energy and capacity payments in the NYISO markets to cover its costs.

An aerial shot of the 1,177-MW Cricket Valley Energy Center in Dover, N.Y. | *Advanced Power*

But the commission said it was not required "to shield NYISO's market from the indirect effects of state policies to ensure that commission-jurisdictional rates remain just and reasonable.

"… We have already found the BSM rules to be just and reasonable … and neither the complaint nor the complainants' financial performance provide a basis to undermine that finding," it said.

In the May 10 ruling, the commission acknowledged that prior FERC orders — when the commission was under Republican control — "treated state policy choices as equivalent to anti-competitive conduct."

But it said the current Democratic majority "no longer believes it appropriate to presume that states' exercise of their reserved authority over generation facilities is the equivalent of anticompetitive conduct, simply because of the inevitable, albeit indirect, effect on ICAP market prices."

Republican Commissioner Mark Christie issued a concurrence last week, saying he supported NYISO's BSM proposal because the costs of New York's policies would be limited to that single state ISO and not impact other regions. "The chief recourse for New York consumers and businesses who do not like the costs and consequences of that state's public policies is to the ballot box," he said.

Danly: Return to Cost-based Rates?

Danly, also a Republican, reiterated his opposition to the narrowed BSM rules in his dissent last week, warning that, "When the inevitable price suppression caused by unmitigated state subsidies results in the premature retirement of generators with needed attributes, resource adequacy will be compromised."

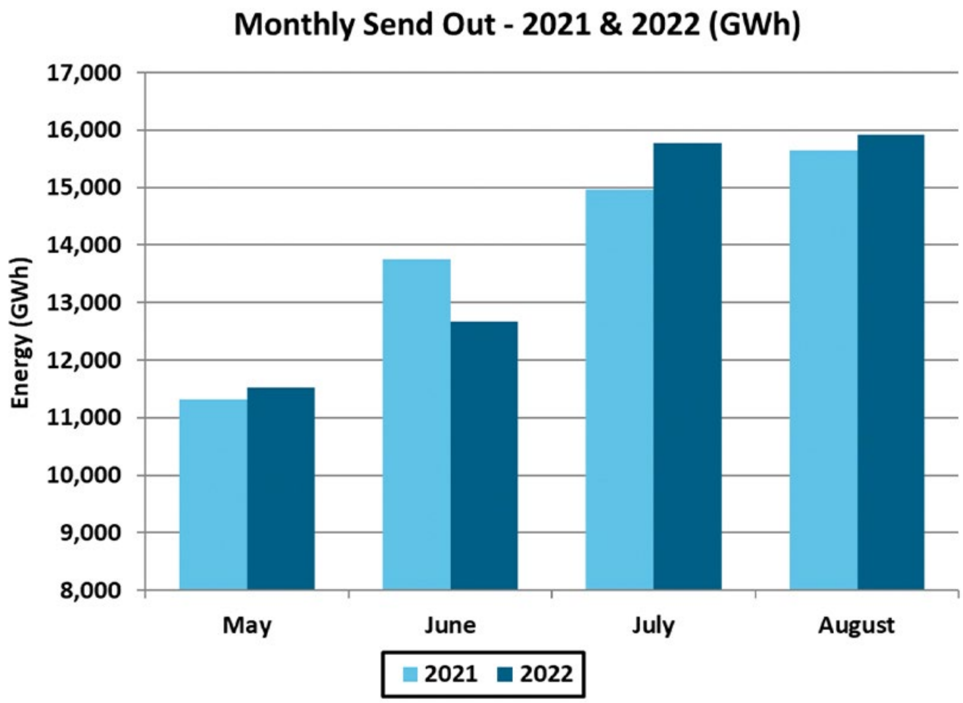
As states "continue to place their finger on the scale in order to favor certain resources," FERC should consider returning to "cost-based ratemaking to protect ratepayers," Danly said. "Doing otherwise perpetuates the notion that our markets are competitive and, therefore, capable of incentivizing investment in the necessary type and quantity of resources, when, in fact, they are not." ■

NYISO News

NYISO OC Discusses NOPR Comments, High Temps, EDS Results

By John Norris

NYISO on Thursday presented the Operating Committee with its proposed comments to a FERC rulemaking on interconnection queues, the impacts that above-average summer temperatures had on the grid and the results for four solar units that were part of the 2022-01 Expedited Deliverability Study (EDS).



Total summer monthly sendout (GWh) of 2021 and 2022 | *NYISO*

Comments on NOPR

Thinh Nguyen shared NYISO's proposed comments to FERC's Notice of Proposed Rulemaking (*RM22-14*), which seeks to address interconnection queue backlogs as more renewables enter service.

NYISO broadly concurred with FERC on what it said would be the "most significant and comprehensive set of proposed revisions" to interconnection procedures since FERC Order 2003, recognizing that changes are critical.

But the ISO is concerned that certain provisions — such as allowing interconnection customers to request an informational study before submitting a request — would lengthen the time to complete an interconnection study, limit its abilities to operate efficiently and hamper FERC's intentions. Other proposed studies would "run counter" to FERC's goal of speeding up queue processes because they would require an additional "workload" that could be better allocated toward unclogging the queue itself, Nguyen said.

NYISO also believes that FERC's proposal to fine transmission owners $500/day for study delays is unlikely to incent faster interconnection processes and, instead, would result in costs being passed down to customers.

Nguyen said that other provisions in the NOPR, such as increased financial commitments, would disincentivize speculative projects while encouraging transmission developers to "work in a faster more efficient manner," such as by providing them with information around queue decision-making processes or creating rules that enable them to co-locate their projects.

NYISO also plans to support the proposed "first-ready, first-served" construct and allowing projects to be studied at the same time in clusters.

Nguyen said that FERC's intentions are solid, but the ISO's comments will continue to emphasize that the commission must allow it operational flexibility in certain instances. Grid operators should be able to have the "flexibility to tailor whatever the proposal is according to their region," as each has "different market rules," he said.

Expedited Deliverability Study Results

NYISO released results from the 2022-01 EDS, which examined the feasibility of four solar projects and found that all of them passed the relevant tests.

The projects in the study included:

- Highbanks Solar (Zone B)
- Clear View Solar (Zone C)
- Somers Solar (Zone F)
- Stone Mill Solar (Zone F)

The units were studied to determine whether they are deliverable as currently proposed without the need for system delivery updates.

EDS comprises several deliverability tests, such as the Highway Interface Transfer Capability "No Harm" Test, which collectively identify potential need for transmission or interconnection upgrades. Projects seeking to join an EDS must meet several eligibility requirements, such as providing notice to NYISO by the study's start date, satisfying data submission requirements and, in certain cases, completing a Class Year study.

The 2022-01 EDS is expected to be completed Oct. 13, and the next study will start on the first business day 30 calendar days from the completion of the current one.

Summer Highs Test System

Heat waves, shifting load peaks because of behind-the-meter solar and increased use of utility demand response programs characterized New York's 2022 summer, according to NYISO Vice President Aaron Markham.

Summer heat waves during July 17-24 and Aug. 3-9 led to peak loads surpassing 30 GW, prompting regulators and political leaders to issue warnings that urged customers to conserve electricity to avoid blackouts.

These warnings lowered peak loads, while regional coordination calls ensured that energy supplies were readily available in case of resource inadequacy, resulting in no emergency actions being taken throughout the summer, Markham said.

Meanwhile, increasing installation of BTM

NYISO News

solar is resulting in daily peak loads shifting to later in the afternoon, which has meant that on certain days, peak load has remained constant over several hours. This changing dynamic is something the ISO will "keep an eye on" as BTM solar is "integrated more and more" and starts to encompass a larger proportion of the energy mix, according to Markham.

Despite higher-than-average temperatures and system peak loads, the total load over the summer was lower than projections because of deficits in June and July.

NYISO Releases the Outlook

NYISO also *announced* on Thursday the release of its completed System & Resource Outlook. A draft of the report had been presented last month to the Business Issues Committee. (See *NYISO 20-Year Forecast Highlights Generation, Tx Hurdles to Climate Goals*.)

The inaugural report, which forecasts system needs for a 20-year period, predicts an unprecedented need for more than 95 GW of new zero-emission resources by 2040 and 20 GW within the next seven years to meet the goals of the New York Climate Leadership and Community Protection Act.

Additionally, the installation rate of these added resources must increase significantly, while dispatchable emission-free resources must be developed and added to the system to reliably serve demand when intermittent generation is unavailable.

The outlook, which will be updated every two years, will get increasingly more detailed after each iteration, according to NYISO. ■

PROJECT	Point of Interconnection	Zone	Requested Summer CRIS MW	UNIT TYPE	CTO
Q863 Highbanks Solar	Highbanks 34.5kV	B	20	Solar	RG&E
Q1003 Clear View Solar	Eelpot Road 34.5kV	C	20	Solar	NYSEG
Q1015 Somers Solar, LLC	Mohican – Battenkill 115kV	F	20	Solar	NM-NG
Q1018 Stone Mill Solar	Churchtown 115kV	F	20	Solar	Transco

Four solar EDS 2022-01 projects successfully passed all relevant tests. | *NYISO*

PJM News

FERC Finds Few Issues in Lengthy Audit on PJM Operations

By Devin Leith-Yessian

FERC found just one instance in which PJM failed to follow rules and procedures during a five-year timespan, according to a report released earlier this month on an extensive audit conducted on PJM's operations.

PJM did not contest the finding, and RTO officials said in a statement that they were proud of the results.

"While we always strive for perfect compliance, this is an important achievement that reflects the incredibly strong culture of compliance at PJM and validates our emphasis on compliance in all aspects of our business practices and operations," PJM CEO Manu Asthana said in a statement.

The audit examined PJM's markets, operations and planning from January 2016 and May 2021 and its compliance with its own tariff and Operating Agreement, rules and practices, and FERC orders.

Chris O'Hara, PJM | © *RTO Insider LLC*

"The scope of this audit was enormous and touched many areas of our organization. It examined our compliance with thousands of pages of governing documents and required a significant investment of time and resources from PJM staff," Asthana said.

Speaking during a Members Committee webinar Sept. 19, PJM Assistant General Counsel Thomas DeVita attributed the length of the audit to the COVID-19 pandemic and PJM's large size relative to other organizations. The commission typically audits RTOs approximately every 10 years, he said.

"That's just an extraordinarily long period of time for an audit, even by FERC standards," DeVita said.

The one instance FERC found was related to a failure to properly "offer cap a self-scheduled generation resource in the day-ahead energy market for 18 hours on Jan. 21, 2019, despite the fact that its owner had failed the three-pivotal-supplier (TPS) test." It was caused by operators using outdated provisions of PJM's tariff, which had been superseded by FERC filings, according to the report.

It recommended developing new written procedures and supplying staff with periodic training. The commission is also requiring PJM to conduct a study into whether resources of all generation suppliers that failed the TPS test were offer capped and provide the results to auditors within 90 days.

The report came with 20 recommendations in total, three of which were related to the noncompliance instance, but also focused on software issues, incentives to follow dispatch, day-ahead resource commitment and FERC Order 760, which requires data related to markets to be sent to the commission's Office of Enforcement.

Manu Asthana, PJM CEO | © *RTO Insider LLC*

An implementation plan for compliance with the recommendations is due Oct. 1. The commission is also asking for quarterly submissions to its Division of Audits and Accounting describing progress made on the recommendations.

PJM Chief Compliance Officer Chris O'Hara said in the statement that the RTO is already working on many of the improvements identified and will begin work on the remaining areas.

"The FERC audit report confirms not only PJM's culture of compliance, but also PJM's culture of teamwork," he said. "This was an organization-wide effort, and we are proud of the results." ■

PJM MRC/MC Briefs

Markets and Reliability Committee

Market Seller Offer Cap to Remain at Status Quo

VALLEY FORGE, Pa. — The PJM Markets and Reliability Committee on Wednesday rejected two proposals intended to allow market sellers to represent a greater degree of the risk they take on when entering the capacity market.

The strongest support went to the PJM *package*, which would have sought to ensure that sellers are able to fully reflect the cost of their Capacity Performance (CP) risk when entering into the Base Residual Auction and provide further clarity around the market seller offer cap (MSOC) review process itself. Nearly 60% of stakeholders supported the package over the status quo, falling short of the two-thirds threshold required.

A secondary *proposal*, from LS Power, contained many of the same provisions as the PJM language, while also allowing sellers the opportunity to seek a must-offer exception after they get their MSOC numbers from PJM. Those suggested revisions received 57% support.

When the issue was last discussed by the MRC during its July 27 meeting, load interests had voiced their concerns over the impact the language could have on capacity prices. (See "Discussions Continue on Market Seller Offer Cap," *PJM MRC Briefs: Aug. 24, 2022*.)

Independent Market Monitor Joe Bowring said the current MSOC structure already allows sellers to fully reflect risk when entering the auction. "PJM's proposal would significantly change the definition of the offer cap based on avoidable costs because the proposal would not permit net revenues to offset the" CP quantifiable risk, he said.

Bowring also pointed out that PJM's proposal would significantly change the review process and permit it to take on a market monitoring role. "There is no reason to change the substance or process associated with the capacity market offer caps that are designed to prevent the exercise of market power and will operate effectively to prevent the exercise of market power."

Generation owners spoke in favor of both proposals, saying that the MSOC as it stands doesn't reflect the true cost of their risk. Jason Barker of Constellation Energy called the revisions a set of much needed reforms to the capacity market.

"The most important thing to take away is that this proposal aids in having market sellers provide an accurate assessment of their capacity risk," he said.

Paul Sotkiewicz of E-Cubed Policy Associates said the packages came with the potential to make it more attractive for renewable energy resources, which face greater CP risk, to participate in the capacity market.

"I think we would see much more of those resources participate in [the market] … if they were able to reflect those risks in their [market] offer," he said.

MRC Secretary Dave Anders said the MSOC deliberations have held much of the Resource Adequacy Senior Task Force's attention over the past year, with two different attempts to address the topic — just one of 10 work activities the task force is charged with examining. He said it's likely that the task force will pivot to focusing on those other issues relating to the capacity market for the time being.

MRC Approves Bankruptcy Revisions

The committee also approved *revisions* to PJM's governing documents to strengthen protections for members in the event of a market participant declaring bankruptcy. The proposal will now go before the Members Committee next month.

The changes would clarify language regarding cash deposits and require a participant declaring bankruptcy to address PJM's rights immediately upon making their filing. The provisions provide that if a party fails to obtain the assurances for PJM, it would provide cause for the bankruptcy court to grant the RTO relief from an automatic stay.

The package would also modify language regarding financial transmission rights, clarifying that they're entitled to special protections. The FTR market is an area of focus following the default of GreenHat Energy, which cost PJM members nearly $180 million. (See *FERC OKs GreenHat Settlements*.)

First Read on New Black Start Fuel-assured Generation Classification

The MRC got its *first look* at a PJM-proposed package of revisions coming out of a yearslong effort to increase the reliability of non-fuel-assured black start resources during a restoration event. The revisions would create a new "fuel assured" category of black start generators that can demonstrate a higher level of reliability through enhanced fuel availability.

Dan Bennett, PJM | © *RTO Insider LLC*

The proposal would require that each transmission zone have at least one fuel-assured black start generator and identify regions where additional restoration capability may be required.

The package, drafted with Brookfield Renewable and the D.C. Office of the People's Counsel, received the endorsement of the Market Implementation Committee and Operating Committee in a joint vote earlier this month, receiving 76% support over a competing proposal from the Monitor, which received 9%. (See *Stakeholders Endorse PJM's Black Start Fuel Reqs Proposal*.)

Michael Bryson, PJM senior vice president of operations, said the change would classify 10 to 20 fuel-assured resources out of the approximately 150 black start resources in the RTO's fleet.

Senior Engineer Dan Bennett said each zone already has at least one existing black start generator that qualifies as fuel assured, but there are eight "extreme outliers" in which fuel loss could delay restoration by 10 or more hours. The proposal would increase PJM's annual revenue requirement for black start resources by about $28.2 million per year.

Intermittent, hybrid and run-of-river hydro resources would be permitted to contribute to black start capability, using historical data to create a calculation with 90% confidence to estimate how much capacity can be expected

PJM News

from them. Their inclusion has been a point of contention with Bowring, who says that black start resources should be guaranteed to be ready to supply their capacity should they be called out during a restoration event.

"It should be 100% confidence level; there should be no doubt about it," he said.

Bowring said that black start planning should be done regionally by PJM and not zonally; that the RTO's proposal could cause customers to pay twice for fuel-assured black start; and that transmission owners should not substitute for PJM at any point in the procurement process.

Gregory Poulos, executive director of the Consumer Advocates of the PJM States, said his members have shared many of the same concerns outlined by the Monitor, but PJM has struck a balance between fuel assurance and the cost to consumers in drafting its package.

"Overall, I would say this is one of the best processes where we've come together to find a balanced approach in the end," he said.

Reserve Requirement Study Recommends Raising IRM and FPR

The MRC received a *presentation* on the preliminary 2022 Reserve Requirement Study results, which recommends increasing both the forecast pool requirement (FPR) and installed reserve margin (IRM) compared to last year's study. The updated study resets the recommended figures for the next three years and sets a recommendation for 2026/27.

This year's study results recommend an IRM of 14.9% for the 2023/24 delivery year, up from 14.8% for 2022/23, and a FPR of 1.093, compared to 1.0901. Both figures would continue to fall for the following three years on a similar slope to last year's recommendations, just pushed out by a year. (See "Reserve Requirement Study Recommends Increasing FPR and IMR," *PJM Planning Committee Briefs: Sept. 6, 2022*.)

Both the load and capacity model projections put downward pressure on the IRM and FPR, but those are outweighed by the upward pressure from the capacity benefit of ties. The new model used for this year's study projects that PJM's peak load will more closely coincide with the world peak, reducing the ability to import power.

The study also proposed winter reserve targets for the upcoming season, recommending 21% maximum monthly available reserves for December, 27% for January and 23% for February. The targets were set using RTO-aggregate outage data from the 2007/08 delivery year through last year.

The Planning Committee is set to vote on the FPR and IRM in October, after which the MRC and MC would review and vote on the proposal in the following month. The Board of Managers would consider granting final approval in December.

PJM Staff Seek Removal of CT Exception on Load Signaling

PJM staff gave a first read of a *proposal* to remove an exception that guarantees combustion turbines recover the costs of their actual generation, regardless of their load signal. Lisa Morelli, director of market settlements initiatives, said the rule is a vestigial holdover from when CTs provided a fairly invariable supply of power.

Advancements in turbine technology have given CTs a dispatchable range in their output, but PJM rules have not evolved alongside that, she said. While other generators are compensated for the lesser of either their actual generation or the amount they're dispatched to provide, CTs currently can remain at their maximum generation and be fully compensated.

Removing the rule, which is codified by a single sentence in Manual 28, would subject CTs to the deviation charges other generators face for straying from their dispatch signal. Morelli said simulations show that uplift payments to CTs were about $1.3 million lower when recalculated without the exception over the eight highest CT uplift days in summer 2021, a 10% drop.

Streamlining Internal NITS Process Under Consideration

The MRC *reviewed* a set of suggested revisions to PJM's internal network integration transmission service (NITS) process, which is aimed at streamlining the administrative process for transmission within the RTO's network. Currently new agreements follow the same process as external, or cross-border, transmission agreements. (See "Issue Charge OK'd on Internal NITS Process," *PJM Operating Committee Briefs: July 14, 2022*.)

The proposal would transition internal transmission to an "evergreen" model and remove the expiration dates and rollover notification requirement. The committee will be asked to endorse the package at its next meeting in October.

DR Proposal Brought Before MRC After MIC Rejection

A modified *issue charge* proposal from CPower, a curtailment service provider, to evaluate the use of statistical sampling for interval-metered residential customers came before the MRC after a similar initiative narrowly failed at the MIC on Sept. 7. Anders said CPower has the right to bring the package to the committee even after the MIC rejection, akin to an appeals process. (See "DR Data Proposal Rejected," *PJM Market Implementation Committee Briefs: Sept. 7, 2022*.)

Stakeholders remained mixed discussing the first read, with some preferring that states take the lead on expanding demand response to residential customers and expressing concerns about utilizing statistical sampling instead of collecting data from households directly.

Bowring said that the proposal avoids the real issue of access to the meter data, which are essential to measure the actual impacts of DR.

PJM News

E-Cubed's Sotkiewicz said allowing DR to rely on sampling rather than interval meter data would treat one sector unfairly and discriminatorily, given the costs generators face in metering.

Sharon Midgley of Exelon said she was disappointed to see the initiative fail at the MIC and believes that the issue charge had been improved coming into the MRC.

The MRC is set to have its own vote on the proposal at its October meeting.

Issue Charge on Supplying PJM and IMM with Copies of FERC Filings

PJM Associate General Counsel Steven Pincus presented an *issue charge* to explore requiring members to provide copies of certain FERC filings to the RTO and Monitor.

The first read received a lukewarm response from stakeholders, who said all parties should do their own due diligence. Responding to Pincus' assertion that he didn't want the ask to become a "compliance trap," they questioned the logic behind a requirement without consequences.

Members Committee

Board Member with Clean Energy Expertise

The Members Committee discussed *amending* PJM's Operating Agreement to require that at least one of the nine members of the Board of Managers "have expertise and experience in the development, integration, operation or management of clean energy resources."

Outlining the proposal, Albert Pollard, of the Illinois Citizens Utility Board, said that having leadership experienced in green energy could be helpful toward PJM's clean energy commitments outlined in its strategic plan, goals shared by many utilities and stakeholders as well.

Albert Pollard, the Illinois Citizens Utility Board | © *RTO Insider LLC*

"It does say in a broader way that there's a dedication to getting this right," he said.

Pollard noted that multiple serving board members already meet the qualification, meaning that no changes to the existing composition would be needed should the language be adopted.

PJM CEO Manu Asthana and General Counsel Chris O'Hara responded to stakeholder questions about how the requirement would be implemented, saying it would function as a qualification, rather than a dedicated board seat. So long as a seated member filled the qualification, it would not preclude an otherwise qualified candidate from being appointed, they said.

Sotkiewicz said he believes that requiring representation from one small subset of one sector of stakeholders would call into question the board's independence. ■

— Devin Leith-Yessian

SPP News

FERC Revokes Tri-State's Market-based Rate Authority in WACM

Commission also Reverses Decision on SPP Tariff; Approves Just Energy MBRA

By Tom Kleckner

FERC last week revoked Tri-State Generation and Transmission Association's market-based rate authority in the Western Area Power Administration's Colorado-Missouri balancing authority area (WACM), but it found the cooperative may retain that authority in other BAAs (*ER20-681, EL22-28*).

The commission said information provided by Tri-State "failed to rebut the presumption of market power" in WACM. "As a result, we find that it is not just and reasonable for Tri-State to continue to have market-based rate authority in the WACM balancing authority area," it said.

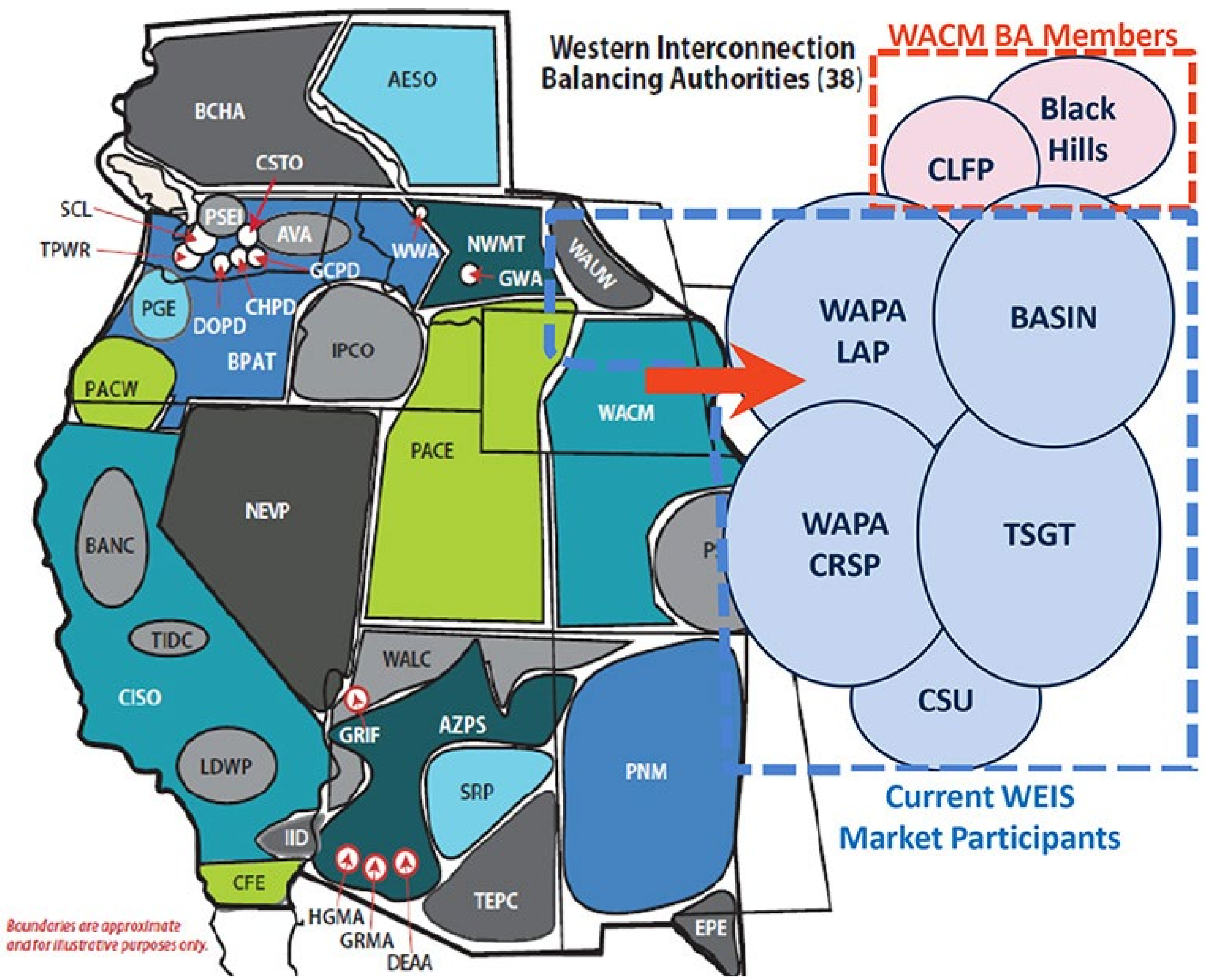
The data showed consistent screen failures across measurements, season/load periods and price sensitivities in the BAA, FERC said. It directed the cooperative to submit within 30 days a revised market-based rate tariff limiting sales at market-based rates to areas outside of WACM in which it retains MBRA.

The commission also ordered Tri-State to respond with a separate tariff to provide for the default cost-based rates in WACM or to make clear its intent to use its current cost-based tariff on file.

FERC opened an investigation into Tri-State under Federal Power Act Section 206 after it submitted its triennial updated market power analysis and a change-in-status notice last December.

The commission allows power sales at market-based rates if the seller and its affiliates do not have, or have adequately mitigated, horizontal and vertical market power. An applicant that fails one or more of the indicative screens is provided with several procedural options, including the right to challenge the market power presumption by submitting a delivered price test (DPT). However, the revised DPT indicated the consistent screen failures.

FERC did find that Tri-State passed the horizontal market power indicative screens for the Public Service Company of New Mexico and Public Service Company of Colorado BAAs and CAISO's Western Energy Imbalance Market.



The Western Interconnection's 38 balancing authorities. | *Western Area Power Administration*

SPP News

Commission Rejects SPP Tariff Revision, Reversing ALJ Decision

The commission on Thursday also rejected SPP's proposed tariff revision to include an annual transmission revenue requirement (ATRR) for certain GridLiance High Plains facilities in Oklahoma's Panhandle, affirming in part and reversing in part a decision by an administrative law judge in hearing and settlement procedures (*ER18-2358*).

FERC said that SPP's 2018 filing to revise the tariff and allow recovery of the ATRR for GridLiance's facilities was unable to prove the change was just and reasonable. It said that in protesting the filing, Xcel Energy Services was able to show "adequate evidence" that the facilities should be declassified as transmission under the commission's seven-factor test.

Xcel also said GridLiance's inclusion of its Oklahoma Panhandle facilities in its ATRR would result in a cost-shift to its Southwestern Public Service subsidiary, which shares the same transmission pricing zone (Zone 11). (See *GridLiance, Xcel Battle over Tx Qualifications*.)

The commission reversed an ALJ decision last year that the transmission facilities were eligible for recovery in transmission rates under SPP's tariff. FERC directed GridLiance and SPP to issue refunds within 45 days to customers in GridLiance's ATRR in Zone 11.

"We find, among other things, that … SPP and GridLiance failed to meet their burden to prove by a preponderance of the evidence that the GridLiance facilities are transmission facilities eligible for recovery," the commissioners wrote.

FERC said that because it resolved the case's central issue, it did not reach the merits of the rate impact, cost causation, prudent decision-making, and other arguments raised by Xcel and other intervenors.

The commission also dismissed a pair of Xcel's formal challenges to GridLiance's 2021 and 2022 annual formula rate updates as moot, citing the 2021 order over Xcel's previous informal contention that GridLiance's inclusion of the Oklahoma assets' costs in its updates was improper (*ER21-1438*, *ER22-1353*).

It said that given the decision in the earlier proceeding and GridLiance's implementation of the Zone 11 ATRR in the 2021 and 2022 annual updates, Xcel's formal challenges were moot.

Just Energy OK'd for MBRA

FERC also granted power marketer Just Energy's authority to make wholesale sales of energy and capacity at market-based rates and

FERC rules GridLiance's Oklahoma facilities do not qualify for rate recovery. | *GridLiance*

found it met the criteria to be a Category 1 seller in all regions (*ER22-2044, ER22-2044-001*).

The commission determined that because Just Energy does not own or control generation or transmission facilities, it satisfies FERC's requirements for market-based rates regarding horizontal and vertical market power.

The ruling allows Just Energy to supply retail power in competitive markets, as one affiliate already does in ERCOT. It will contract with third parties to procure supply for its other affiliates and to provide them scheduling, settlement and bid/offer submission services once it registers with grid operators. ■

SPP News

New Study: Increased Savings from SPP RTO West Expansion

Brattle Says New, Existing SPP Members Could Save $89M Annually

By Tom Kleckner

Expanding SPP's full RTO into the grid operator's Western Energy Imbalance Service (WEIS) could produce up to $89 million in annual savings, according to a study commissioned by WEIS members.

The *Brattle Group study* evaluated adjusted production cost (APC) savings and reported potential market benefits for expanding the SPP RTO into the WEIS footprint. The study estimates adjusted production cost savings of $71 million per year under average hydrology conditions. Those savings increase to $89 million per year under severe drought conditions.

Westside benefits range from $68 million to $81 million a year, according to the study. Eastside benefits are $3 million to $8 million annually under the study's base and low-hydro scenarios.

"We're pleased that the study reinforces the promise of an organized power market and our partnership with [SPP]," Colorado Springs Utilities CEO Aram Benyamin said in a *statement*. "The benefits are clear — millions of dollars in annual savings by having access to regional energy producers and the reliable and cost-effective integration of additional carbon-free energy resources into our system. The future is exciting."

The utility was one of several prospective SPP RTO West participants who asked for the studies. Others included Basin Electric Power Cooperative, Deseret Power Electric Cooperative, Tri-State Generation and Transmission Association, Municipal Energy Agency of Nebraska (MEAN), and the Western Area Power Administration's (WAPA) Upper Great Plains and Rocky Mountain regions and its Colorado River Storage Project.

All participate in SPP's WEIS, which has been in operation since February 2021. They also receive reliability coordinator services from the grid operator. Tri-State, WAPA UGP region, Basin Electric and MEAN are already SPP RTO members in the Eastern Interconnection.

The study used an integrated east-west model based on data from SPP and WECC. It updates a *2020 Brattle study* for SPP that projected $49 million in annual savings for current and new members by using new modeling assumptions about participant footprints, generation portfolios, natural gas prices and projected hydrology conditions.

The utilities said the APC study did not quantify other potential operational and reliability benefits such as balancing authority operations, coordinated resource adequacy and an integrated wholesale market that optimizes real-time, day-ahead and ancillary services. They said SPP's RTO processes could improve transmission planning and development needed to support growing electricity demand and add more generation resources, including renewables.

WAPA CEO Tracey LeBeau said the study will help inform the agency's next steps at it evaluates SPP membership.

"As always, we are committed to collaborating with our customers and stakeholders as we assess this opportunity," she said. "Any decision to move forward with final negotiations for SPP RTO membership will be consistent with our statutory requirements and involve the appropriate public processes."

Barbara Sugg, SPP | *© RTO Insider LLC*

"SPP understands the need for prospective SPP RTO members in the Western Interconnection to perform a revised Brattle study with their unique sensitivities," SPP CEO Barbara Sugg said in an emailed statement. "We're pleased the results of the updated study show a continued value for all participants."

Tri-State G&T's headquarters in Westminster, Colo. | *© RTO Insider LLC*

The study does not mean the utilities will join the SPP RTO, they said. The participating organizations will each continue their internal review and approval processes to determine whether they will proceed on the next steps to RTO membership.

"The most critical thing we do for our members and consumer-owners is to provide reliable, affordable and responsible electricity," Basin Electric CEO Todd Telesz said. "We are pleased that the savings outlined in the study align with what our experience has shown so far — participation in regional transmission organization markets brings increased value to our membership." ■

Benefits Summary by Scenario
(In $ Millions)

Benefit Metric	Westside		Eastside		Combined	
	Base WEIS vs. Base RTO	Low Hydro WEIS vs. Low Hydro RTO	Base WEIS vs. Base RTO	Low Hydro WEIS vs. Low Hydro RTO	Base WEIS vs. Base RTO	Low Hydro WEIS vs. Low Hydro RTO
APC Benefit	$68	$81	$3	$8	$71	$89
Wheeling Benefit	-$15	-$16	$0	$0	-$15	-$16
Net APC & Wheeling	$53	$65	$3	$8	$56	$73

Summary of Brattle study's APC, wheeling revenue benefits | *Brattle Group*

Company Briefs

AEP Announces Organizational, Leadership Changes

American Electric Power last week announced organizational and executive leadership changes.

Peggy Simmons, currently the president and chief operating officer for Public Service Company of Oklahoma (PSO), has been named executive vice president of utilities. Leigh Anne Strahler, currently vice president of regulatory and finance for AEP Texas, will succeed Simmons as president and COO at PSO.

Chris Beam, currently the president and COO for Appalachian Power, has been named executive vice president of energy services. Aaron Walker, the vice president of distribution region operations for Appalachian Power, will succeed Beam as president and COO.

AEP's executive vice president and COO position will be eliminated. Lisa Barton will remain at AEP with transitional responsibilities until Nov. 1.

More: *AEP*

GM to Invest $760M to Shift Ohio Plant to EV Part Production

General Motors last week said it will invest $760 million at its Toledo, Ohio, factory to build drive units for electric trucks. The plant is the automaker's first U.S. powertrain facility repurposed for EV-related production.

GM said last year it would increase its EV and autonomous vehicle investments from 2020 through 2025 to $35 billion, a 75% increase as it vows to stop selling gas-wpowered vehicles by 2035.

More: *Reuters*

NRG Sells Stake in Petra Nova Carbon Capture Project

NRG last week announced that it had sold its stake in the Petra Nova carbon capture project to Japanese oil and gas company JX Nippon for $3.6 million.

The power plant and carbon capture project have been out of operation since crude prices plummeted during the pandemic in 2020. Both are expected to start back up in 2023.

NRG will still assist in operation of the project.

More: *Houston Chronicle*

GM to Sell 175,000 EVs to Hertz

General Motors last week announced that it has agreed to sell up to 175,000 electric vehicles to Hertz Global over the next five years.

The deal calls for GM to supply EVs such as the Chevrolet Bolt EV and Bolt EUV to the rental car company starting in the first quarter of 2023. Hertz aims to have a quarter of its fleet be electric by the end of 2024.

No financials of the deal were released.

More: *CNBC*

Federal Briefs

Hurricane Fiona Batters Puerto Rico

Hurricane Fiona made landfall in Puerto Rico on Sept. 18 with winds as high as 115 mph and knocked out power to 1.5 million customers.

Fiona struck two days before the fifth anniversary of Hurricane Maria, which killed more than 3,000 people and nearly destroyed the island's electric grid.

As of Sept. 25 power had been restored to more than 825,000 households and businesses, or about 56%, officials said.

More: *T&D World*, *NPR*, *The Washington Post*, *Bloomberg*

Senate Ratifies Pact to Curb Potent Greenhouse Gases

The Senate last week voted 69-27 to approve an international climate treaty for the first time in 30 years, agreeing to phase out the use of industrial chemicals commonly found in refrigerators and air-conditioners.

The U.S. joined the 2016 Kigali Amendment, along with 137 other nations, and agreed to sharply reduce the production and use of hydrofluorocarbons. If the Kigali pact is successfully implemented, scientists estimate it would prevent up to 0.5 degrees Celsius of warming by the end of the century.

The Kigali agreement was an amendment to the Montreal Protocol, a landmark 1987 treaty designed to repair the ozone layer by banning coolants called chlorofluorocarbons.

More: *The New York Times*

Biden Admin Launches Environmental Justice Office

EPA Administrator Michael Regan last week unveiled the Office of Environmental Justice and External Civil Rights that will distribute $3 billion in block grants to underserved communities burdened by pollution.

The office will merge three existing EPA programs to oversee a portion of the $60 billion investment in environmental justice initiatives created by the Inflation Reduction Act. The president will nominate an assistant administrator to lead the new office, pending Senate confirmation.

More: *The Associated Press*

State Briefs

ARIZONA

Navajo County Approves Solar, Wind Farm

The Navajo County Board of Supervisors last week unanimously approved a solar and wind farm.

The solar farm will sit on 2,000 acres and produce 200 MW, while the wind farm will encompass 52,000 acres and produce 500 MW. The wind farm, which will also have a 220-MW battery system, is expected to have more than 100 820-foot turbines.

More: *White Mountain Independent*

CALIFORNIA

Tesla Moss Landing Storage Facility Catches Fire

Tesla's megapack lithium battery power unit caught fire last week at its Moss Landing energy storage facility, shutting down a nearby highway and triggering a shelter-in-place order for nearby residents.

Located below the decommissioned towers of what was once the state's largest power plant, the Pacific Gas & Electric facility is made up of 256 Tesla megapacks that act as one large battery for the grid.

More: *KPIX*

INDIANA

NIPSCO Proposes 16.5% Rate Increase

NIPSCO last week announced it has proposed a 16.5% rate increase over two years, pending approval from the Utility Regulatory Commission.

The increase would total $19 per month for the average customer and would start in September 2023.

The company said the increase is needed to upgrade and replace cables and modernize the grid, among other things.

More: *WISH*

NIPSCO to Close Ash Ponds at R.M. Schahfer Generating Station

NIPSCO last week said it plans to begin work, following approval from the Department of Environmental Management, to close three coal ash ponds at its R.M. Schahfer Generating Station.

The company plans to remove the coal ash material from the station's onsite ponds and replace it with clean fill, which meets the Coal Combustion Residuals rule. The rule was designed by the EPA to ensure the safe disposal and management of coal ash at coal-fired stations across the nation.

As part of the public comment process, NIPSCO will present the results of an assessment of groundwater corrective measures and make a recommendation for a final remedy.

More: *Kankakee Valley Post News*

LOUISIANA

Entergy Explores Offshore Wind in Gulf of Mexico

Entergy Louisiana, Entergy New Orleans and Diamond Offshore Wind signed a memorandum of understanding last week to evaluate "potential early development" of offshore wind in state waters, the companies said.

The announcement is an early step in the process, as developers would need to ask the Department of Natural Resources to do a lease sale for an area and trigger a public bid process. The legislature this year passed a bill that updated the state's bid laws to account for wind projects and passed a resolution asking the Public Service Commission to assess an offshore wind pilot project by 2026. Last week, the PSC issued a directive to utilities to evaluate the costs and benefits of offshore wind power in their long-range resource planning.

More: *Nola.com*

PSC Approves 4 Entergy Solar Projects

The Public Service Commission last week approved a package of four solar projects for Entergy, which expected to procure 475 MW from the projects.

The first of the four projects, which are being developed by D.E. Shaw and Opdenergy, is expected to come online in 2024.

The utility plans to eventually receive 2,500 MW from solar power as part of its long-term shift away from fossil fuels.

More: *The New Orleans Advocate*

PSC OKs Caddo Parrish Solar Farm

The Public Service Commission last week approved plans for the 72-MW Rocking R solar facility in Hosston.

The facility will be constructed by D.E. Shaw Renewable Investments, with the power sold to SWEPCO via a long-term agreement.

SWEPCO officials said once Arkansas and FERC approve the project, DESRI can start the permitting process to begin construction.

More: *KPVI*

MICHIGAN

PSC Orders DTE, Consumers to Increase Transparency

The Public Service Commission last week ordered DTE Electric and Consumers Energy to provide more detailed information to the public about how they plan to improve service reliability.

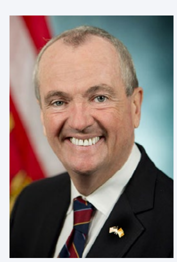
The PSC recently found the utilities' distribution plans insufficient and ordered them to implement a range of actions to increase transparency around distribution and maintenance plans.

Among the order's measures is a requirement for DTE to provide more information about how its tree-trimming program will help improve reliability. It also includes a requirement for more transparency in how utilities disclose outage and performance data.

More: *Energy News Network*

NEW JERSEY

Murphy Orders Big Jump in Offshore Wind



Gov. **Phil Murphy** last week increased the state's target of 7,500 MW from wind by 2035 to 11,000 MW by 2040.

In 2019, Murphy increased his administration's original target of having 3,500 MW in the state by 2030 to the 7,500-MW target by 2035.

So far, the state has approved 3,700 MW from three projects off the state's coast. The first wind farm is expected to be operating by 2025.

More: *NJ Spotlight News*

OHIO

Duke, PUC Reach Agreement on Rate Increase

Duke Energy and Public Utilities Commission staff signed a stipulation agreement last week regarding the utility's proposed rate increase.

The two agreed to an increase of $22.6 million. Duke originally asked for $55 million, while PUC staff recommended a maximum of $15 million.

Some interveners in the case, including the Consumers' Counsel, have not signed on to the agreement and will force an evidentiary hearing on Oct. 4. The counsel had recommended a rate decrease.

More: *Dayton Daily News*

VIRGINIA

Culpeper Panel OKs Site Plan for Utility-scale Solar Project

The Culpeper County Planning Commission voted 6-2 at its Sept. 13 meeting to approve the site plan for the Greenwood Solar project.

The county's first utility-scale solar facility will sit on 732 acres and generate 90 MW.

Construction is expected to take 8 to 10 months.

More: *Culpeper Star-Exponent*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